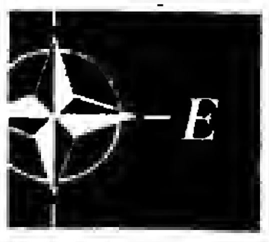
FINANCIAL TIMES



Nato expansion

Eastern Europeans fear another Yalta

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Britanny

Struggling to preserve hard won prosperity

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Turkmenistan

Joining the oil investment queue

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TOMORROW'S **Weekend FT**

Darwin still gets under the skin

World Business Newspaper http://www.FT.com FRIDAY FEBRUARY 14 1997

Alitalia losses put restructure plan in jeopardy

Higher-than-expected losses at Alitalia, the Italian state airline, will make it difficult for the European Commission to approve unamended a government plan to restructure the loss-making flag carrier with L3,000bn ($1.8bn). This week's declaration by Carlo Azeglio Ciampi, the treasury minister, that the airline's losses are expected to reach L1,300bn, is understood to have put approval of the rescue plan in jeopardy. Page 12; US braced for travel chaos, Page 4

Defector's bid for 'reconciliation'

Senior North Korean official Hwang Jang-yop (left), who is seeking asylum in South Korea, said it was a bid to promote "reconciliation and unification" by holding talks with Seoul officials. Mr Hwang was pictured writing his defection statement in the South Korean embassy in Beijing, as North Korean agents waited outside. Efforts to arrange a safe passage to Seoul were blocked due to Chinese unhappiness over South Korean efforts to publicise the defection. Page 12; Muddied waters, Page 6

Sikorsky, Eurocopter deals: Turkey signed two large helicopter deals with Eurocopter, the German-French helicopter manufacturer, and Sikorsky of the US. Page 5

Global telecoms pact nears: Momentum is building for a World Trade Organisation pact to liberalise global telecommunications markets worth $600bn a year as more countries come forward with new or better offers to open their telecoms sectors to foreign competition. Page 5

EU bid to reduce unemployment: The European Commission urged member states to introduce greater flexibility into their jobs markets to help cut the European Union's high jobless count. Page 4

Conoco success in Vietnam oil bid: A consortium led by US oil company Conoco has beaten two rival bidders for exploration rights to Vietnam's most coveted oil prospect, but the group must improve the terms of its tender before Hanoi awards a contract. Page 5

East German land ruling: Foreigners can claim back land expropriated in eastern Germany during Soviet military rule immediately after World War II, a Berlin court ruled. Page 2

Spanish inflation has fallen below 3 per cent for the first time since 1969. Economy and finance minister Rodrigo Rato said the economy was "clearly on track" to qualify for the first wave of Emu in 1999. Page 12; France 'in reach of Emu deficit limit', Page 4; Editorial Comment, Page 11

Serbia plans sell-off to raise cash: Serbia has set out a plan to prepare its huge and inefficient state sector for privatisation, though critics say the government is driven by urgent need for cash rather than a commitment to economic liberalisation. Page 4

G7 debates Chernobyl fund: Officials from the Group of Seven industrialised nations are to resume talks on whether to pay for Ukraine to shut down the Chernobyl nuclear power station, site of the world's worst nuclear accident, and complete two new power stations. Page 2

French prime minister Alain Juppé summoned the main protagonists in the privatisation of Thomson-CSF for a final round of meetings before deciding on detailed sale conditions for the French defence electronics giant. Page 18

Moscow 'wish list' budget: Russia's 1997 budget was submitted for President Boris Yeltsin's approval, although not even government ministers pretend it has a realistic chance of being fully implemented. Page 3

Rights row hampers EU-Asean talks: Differences on human rights in Burma and Indonesia have damaged the prospect of achieving a wide-ranging treaty between the European Union and the economically powerful members of the Association of South East Asian Nations (Asean). Page 6

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	6,992.42	(+30.79)
NASDAQ Composite	1,368.10	(+9.14)
Europe and Far East		
CAC40	2,628.41	(+29.08)
DAX	3,229.48	(+13.34)
FTSE 100	4,327.1	(+22.8)
Nikkei	18,638.06	(+278.10)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.114%
Long Bond	97½
Yield	6.667%

OTHER RATES

UK: 3-mo Interbank	6⅛%	(same)
UK: 10 yr Gilt	102⅞	(102⅞)
France: 10 yr OAT	108.17	(108.16)
Germany: 10 yr Bund	103.29	(103.29)
Japan: 10 yr JGB	104.5007	(104.314)

NORTH SEA OIL (Argus)

Brent Dated	$20.49	(21.235)

GOLD

New York: Comex (Feb)	$342.5	(344.9)
London: close	$342.15	(340.75)

DOLLAR

New York: lunchtime		
£	1.6223	
DM	1.68725	
FFr	5.6975	
SFr	1.4534	
Y	124.38	
London:		
£	1.6221	(1.6335)
DM	1.6871	(1.6832)
FFr	5.6965	(5.687)
SFr	1.4627	(1.4455)
Y	124.880	(123.845)
Tokyo close:	Y 124.125	

STERLING

DM	2.7367	(2.7495)

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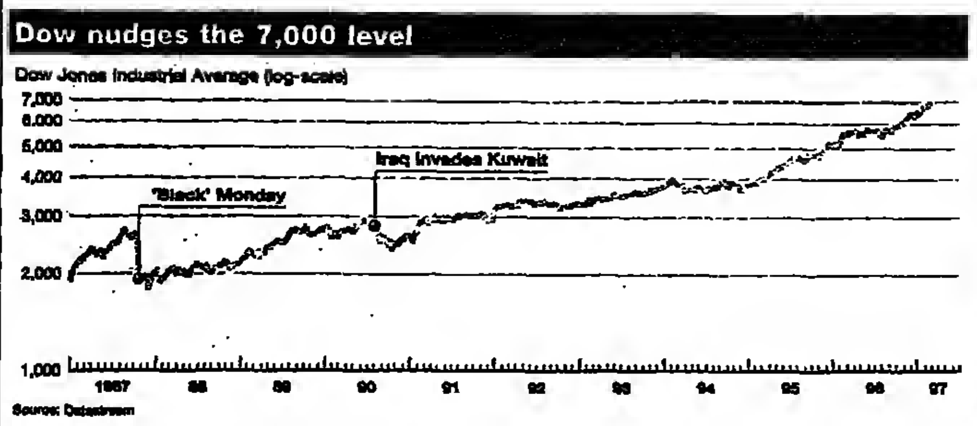
Dow jumps through 7,000 level for first time

Dow nudges the 7,000 level



Source: Datastream

By Lisa Bransten in New York

A round of applause broke out on equity trading floors in New York yesterday as the Dow Jones Industrial Average breached the 7,000 level for the first time.

The applause was initially short-lived, however, as the index ticked quickly back and spent the rest of the early afternoon just below it. Late in the day though it came back up and shortly before the close the blue chip index was 70.04 stronger at 7,031.67, bringing gains to more than 583 points or 9 per cent in the first six weeks of this year.

The move came amid renewed exuberance among technology shares, which have slipped for much of this month after roaring higher in the early days of the year. Although attention was focused on the Dow, performance was stronger on the technology-rich Nasdaq composite, which added 8.84 or 0.7 per cent at 1,367.80.

The continued buoyancy of equities raises the spectre of an interest rate increase from the Federal Reserve in March, said Mr Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette, the US investment bank.

But Mr Miller added that for the moment the market's focus was on strong flows into equity mutual funds. "Demand [for shares] is the overpowering consideration in the short run and still pushing the market higher," he said.

The Investment Company Institute said on Wednesday that cashflows into equity

Continued on Page 12
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Earnings from organised crime reach $1,000bn

Half of 'gross criminal product' generated in the US, money laundering specialist says

By Vincent Boland in Prague

Russian mafia 'has $10bn in Swiss banks' ......Page 3

The "gross criminal product" from global organised crime and drug trafficking reached $1,000bn last year, half of it generated in the US, a specialist on money laundering said yesterday.

Much of those illegal earnings were laundered through world financial markets, using futures and derivatives contracts concealed in the vast turnover of legitimate trades.

Mr David Bickford, a consultant with Inter Access Risk Management, a Dutch company providing fraud and money laundering protection to international banks, said money earned by street sales of drugs amounted to $400bn in the US alone. Those profits ended up in insurance, stocks and bonds and property developments. Bearer shares, where no owner was identified, were a popular choice of investment instrument.

Addressing a conference in Prague on money laundering in central and eastern Europe, Mr Bickford, a former legal adviser to UK intelligence agencies and the Foreign Office, said the US mafia grossed criminal profits which made it the 20th richest organisation in the world – "richer than 150 sovereign states".

Japanese Yakuza gangs generated revenues of $10bn in 1995, while the Russian interior ministry estimated criminal gangs controlled more than half the country's financial capital and a third of its turnover in goods and services.

Mr Bickford said the "gross criminal product" in the US had risen from $100bn in 1986 to $500bn last year, with narcotics trafficking generating $400bn a year. Some 78 per cent of organised crime in the US and 70 per cent in the Group of Seven leading industrial nations was drug-related.

The Cali drug cartel in Colombia generated more than $320bn from cocaine. This was then laundered through the banking system using Cali-controlled corporations. "At each stage of the process, banks and financial institutions are an essential vehicle for the transactions," Mr Bickford said.

An attempt to freeze all Cali assets in the US in 1995 had failed because other countries had not co-operated. The threatened assets had then been relaundered through the London, Tokyo and Frankfurt money markets.

The US Office of Technology Assessment has recommended that banks report all suspicious transactions, which could amount to 25 per cent of daily money transfers.

Many countries had different definitions of fraud, extortion and other financial crimes, Mr Bickford said. "Quite clearly the best option for the international community is to harmonise its approach to defeating organised crime. If it does not do so, and quickly, the trends for unilateral state action will gather pace."

He said the complexity of operations was a reason why there had been only one successful prosecution for money laundering in the UK. "It is usual for cut-off points to be established in any investigation if it takes too long and is costing too much. If the trail is too complex the organised criminals win."

Other speakers at the conference said the lack of international co-operation in fighting organised crime was increasing the prospect that individual countries, headed by the US, would take unilateral action.

Mr Rowan Bosworth-Davies, senior consultant at Titmuss Sainer Dechert, a London law firm, said the US was setting the standard for the fight with laws that extended its reach beyond its borders.

Boonstra defends severing Grundig ties

Charges push Philips further into red

By Gordon Cramb in Eindhoven

Philips' Cor Boonstra: confident over the 1997 result Reuter

Philips, the large European electronics group, slid back into loss last year because of higher than expected restructuring charges, including a Fl 600m ($320.8m) write-off on its commitments to Grundig, the German audio and video products maker which it cut asunder in January.

The net loss of Fl 590m came after one-off costs totalling Fl 2.57bn – a figure which exceeds the attributable earnings of Fl 2.52bn the Dutch group achieved in 1995, its best year ever.

Analysts had been expecting the group to remain modestly in the black in spite of the squeeze on product profit margins in many of its businesses. But in the fourth quarter, it suffered losses of Fl 81m compared with Fl 1bn earnings a year earlier even before a Fl 868m extraordinary charge.

Philips' shares, first marked down sharply, ended the day Fl 1.90 higher at Fl 81. Mr Cor Boonstra, the new president, said in announcing the "extremely disappointing" outcome that he was "confident we will produce a result in 1997 in line with normal expectations." The group was last in the red in 1992.

The dividend is being maintained, at a cost of Fl 555m to reserves. The share price, at its highest for a year, has climbed 31 per cent since Mr Boonstra took over last October and embarked on a stringent cost cutting exercise. The second half saw the departure of 12,100 staff, 4.4 per cent of the workforce.

Yesterday, Mr Boonstra gave his strongest indication yet that he was not seeking to dismantle the group. In particular, "there is not to be an evaluation of a change in our relationship with PolyGram," its 75 per cent owned music and films subsidiary which on Wednesday reported an earnings downturn. Mr Boonstra said Philips was not seriously considering changing its relationship with Sound & Vision, the unit making television sets and other basic consumer electronic hardware.

Mr Boonstra defended the way Philips had acted to cut ties with the 31.6 per cent owned Grundig, withdrawing financial support and treating it as a passive investment. "Grundig AG has been left with a sound, debt-free balance sheet," he said. "Much to our surprise, many public statements were made by senior

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Dasa accuses Boeing of blocking Airbus supplier

By Michael Skapinker in Munich

Daimler-Benz Aerospace of Germany yesterday accused Boeing and McDonnell Douglas of putting pressure on one of their US sub-contractors not to participate in Airbus Industrie's 550-seat jet project.

Mr Manfred Bischoff, chief executive of Daimler-Benz Aerospace (Dasa) of Germany, would not name the US company that was persuaded to drop out of the Airbus project, but it is thought he was referring to Northrop Grumman. Mr Bischoff said the incident illustrated just how powerful Boeing would be once it completed its takeover of McDonnell Douglas, announced last year.

His accusation comes while competition authorities in the US and the European Union investigate the takeover of McDonnell by Boeing.

Mr Bischoff denied that Dasa planned to merge its defence aerospace activities with those of British Aerospace. He called such a merger "an absurd, piecemeal" solution to the problems confronting Europe's defence industry. He said only a larger "pan-European" group could confront US companies such as Lockheed Martin and Boeing.

Mr Bischoff said he believed Boeing and McDonnell Douglas were using hints rather than threats to prevent their US suppliers from working with Airbus. "You can approach your business partners in different ways. You could use a threat, which would be illegal, or you could say we wouldn't appreciate you co-operating with Airbus. The bottom line would be the same result."

Boeing said yesterday it could "not preclude its suppliers from doing business with any other companies". But it added that "in fulfilling contracts with other companies", suppliers were obliged not to break contract conditions that protected "Boeing's proprietary information or processes".

Boeing announced last month it was shelving plans to build a 550-seat jet, which would have been an enlarged version of its 400-passenger 747 aircraft. Airbus, owned by Dasa, Aerospatiale of France, British Aerospace and Casa of Spain, is pressing ahead with plans to build a large aircraft, provisionally called the A3XX.

Mr Bischoff said he expected development costs for the A3XX to be $10bn.

Mr Bischoff said US groups such as Boeing and Lockheed Martin would have access to large indirect government subsidies through defence programmes. He said declining US defence expenditure would result in American aerospace and defence groups increasing exports, putting pressure on European manufacturers.

He added that Dasa's restructuring programme was beginning to bear fruit. The company's 1996 results, to be announced in April, would show considerable improvement over last year's DM4.2bn ($2.54bn) loss.

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Latvian PM voted back into office

By Matthew Kaminski

Mr Andris Skele, who resigned as Latvian prime minister last month in a row over a cabinet appointment, yesterday won parliamentary approval to form a new government.

Mr Skele quit after President Guntis Ulmanis joined in criticism of his choice of Mr Vasily Melnik as finance minister in the wake of local media allegations that he had breached anti-corruption laws – the premier called the allegations "irresponsible and groundless".

Yesterday, after a reconciliation between the president and Mr Skele, a businessman with no political affiliation, the fractious parliament confirmed Mr Skele's new five-party coalition by 70 votes to 17. The new cabinet differs little from the one he headed for a year – Mr Melnik is not a member.

Mr Skele's first year in office earned him a reputation as a solid economic manager. The middle Baltic state, in size and location, shook off a crippling banking shakeout in 1995 that stunted growth and widened the budget deficit.

The recovery remains fragile, but the numbers point in the right direction. Inflation last year was 13 per cent and the 1997 budget, following deep cuts in the welfare system, came in balanced. The GDP rose a modest 2.5 per cent, says Nomura Research Institute.

Mr Skele also improved Latvia's relationship with the International Monetary Fund, which had been angered by its budget policies in the wake of the banking shake-out.

The crucial financial sector, which has driven growth in the capital, Riga, looks healthier after the central bank tightened oversight and forced closures and consolidation of the weaker banks.

Standard & Poor's was impressed enough last month to grant Latvia a BBB credit rating, a notch higher than Poland and Greece.

Mr Skele says privatisation will be concluded by the end of next year and the sales will include the big utilities – Latvenergo and Latvia Gas – and the Latvian Shipping Company, a leading Baltic Sea merchant fleet.

"Mr Skele has a clear vision of what he wants," says an EU diplomat in Riga, the capital. "He's studied what's required for the EU and he's gone out to get it. They're closing the gap on the Estonians," the northern neighbours. But western economic officials urge caution. Arrears and the pace of deregulation in the energy sector will test the government's mettle, one says, while growth is too slow.

European officials in Latvia argue the country must focus more attention on education, improving its transport infrastructure – as transit trade will probably be a locomotive for the economy – and further progress on shoring up the rule of law.

Mr Skele, who remains popular even after some painful reforms, rejects suggestion that the country might devalue the lat currency, now pegged to the SDR basket, to promote export-led growth. Mr Einars Repse, the central bank governor, adds: "No country has ever voluntarily left a haven of stability."

"Low inflation is our top goal, and we expect to reach single digits within two years," he says. "The current foreign exchange policy even benefits exporters because we still consider the currency slightly undervalued."

German land ruling reversed

By Frederick Stüdemann in Berlin

Foreigners can claim back land expropriated in eastern Germany during the years of Soviet military rule immediately after the second world war, a Berlin court ruled yesterday. The decision represents a further change in the complicated process of the restitution of property and assets in eastern Germany to their former owners.

Under the 1990 unification treaty between the two Germanies expropriations during the time of Soviet military rule between 1945 and 1949 were excluded from restitution. The treaty ruled that former owners could only claim back property expropriated after 1949, when the East German state was founded, and during the Nazi period before 1945.

But yesterday the federal administrative court said the expropriation of foreign-owned assets between 1945 and 1949, which was usually undertaken by communist East German officials, was technically forbidden by the Soviet military and should therefore be subject to restitution.

The court said that only in the cases where the Soviet military had retrospectively approved expropriations would they still stand. This exception applies to the case brought before the court concerning a 570 hectare farm in the state of Mecklenburg whose owners were South Africans.

In Mecklenburg, a predominantly rural region once dominated by large estates, surviving documents suggest the Soviet military administration later approved expropriations where land had been parcelled out to smallholders as part of a land reform initiative.

In Mecklenburg an estimated 50 farms belonging to foreigners were expropriated. The total number for the whole of eastern Germany is unknown. An estimated 3m hectares of agricultural land and property belonging to both Germans and foreigners was expropriated during the period of Soviet military rule.

Since unification there have been several challenges to the current ruling on restitution, which former owners allege benefits the German state which now owns most of the land expropriated immediately after 1945.

The constitutional court, however, has upheld the original ruling. Recently some former owners have taken their cases to Russian courts in a bid to get the expropriations overturned and thereby open a possible way to restitution.

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Citroën shutdown points up Breton industry's woes

Citroën's biggest car assembly plant at Rennes in north-west France will be closed today, the second of a series of Friday shutdowns designed to adjust output to subdued demand.

The move, which will put many of the plant's nearly 10,000 workforce on a four-day week throughout February and much of March, is not surprising: French car sales in January were a third lower than in the same month last year.

It is also symptomatic of the problems facing Brittany's regional economy, transformed over the past 40 years as the area has diversified from its agricultural roots.

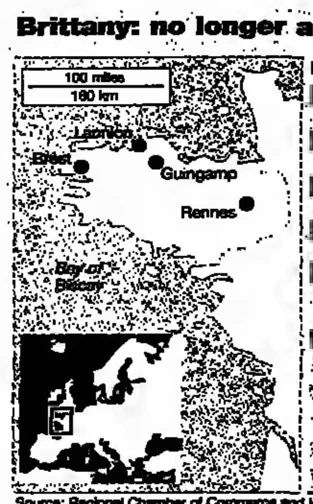
A large number of the industrial and commercial sectors on which the region now relies seem simultaneously in outright decline or prey to growing uncertainty. As Le Monde, the Paris-based newspaper, recently put it: "It is as if all the springs suddenly broke at the same time."

With French growth set for a sluggish 1.3 per cent Brittany is probably not the only region to face such a predicament. But its problems seem particularly wide-ranging.

In defence, for example, the shipyard at Brest, west Brittany, will be among the worst hit by government plans to reorganise its DCN navy shipyards, the largest shipbuilding force left in western Europe.

Mr Stéphane Baranger, director of studies at the Brittany regional chamber of commerce and industry, is concerned at the possible impact on local subcontractors who depend on the yard. "We intend to help them develop new markets and products," he says.

Brittany: no longer a priority



Brittany		France
Population		
2.845m	(Jan 1 1995)	4.9%[1]
Urban population		
57%	(as a % of total)	74%[2]
GDP		
280.4	(Fr bn)	4.0%[1]
GDP per capita		
99.3	(Fr '000)	121.5[2]
Unemployment (%)		
11.6%	(Oct 1 1994)	12.7%[2]
	[1] % of France total [2] France figure	
Employment		
Agriculture & fishing		100,680
Industry		191,744
Construction		70,107
Business		131,118
Services		888,825

Source: Regional Chamber of Commerce and Industry of Brittany

Breton cattle farmers, like those in other regions, have been hit by falling beef sales because of the "mad cow" crisis; Breton fishermen have had to face up to the consequences of falling fish stocks.

But local economists highlight other agriculture related concerns that are more specific to Brittany. These include a worsening pollution problem linked to intensive farming, relatively low level of added value in the region's food and agriculture products, and its comparative remoteness from consumers.

Professor Claude Champaud, a former president of the University of Rennes, who is a management and business law specialist, argues that the growing emphasis on "just-in-time" delivery of food and agricultural products militates against the region by working in favour of locating processing plants closer to the consumer. The victory of French truckers after December's 12-day strike was "not favourable to Brittany", since it is likely to push up transport costs.

In the car sector, European manufacturers such as Citroën face long term problems of overcapacity and staffing levels, as well as more immediate consequences of subdued demand. Peugeot Citroën and Renault have started talks with the French government on proposals to cut thousands of jobs and reduce the average age of employees.

Tourism, another important local breadwinner, has had to cope with the impact of the *franc fort* on the spending power of foreign visitors.

Worries exist that Brittany's carefully nurtured telecoms expertise, which can be traced back to a decision by General Charles de Gaulle to locate the national centre for telecoms studies at Lannion, north Brittany, may be dealt a blow by the forthcoming liberalisation of European telecoms markets. "People are afraid telecoms research in Brittany may slowly be allowed to die," says Prof Champaud.

One consequence of these difficulties is that regional unemployment, though still below the national level, is, in the words of Mr Baranger, "tending to catch up". Unemployment is slightly lower than the national rate, but has been rising faster than the national average.

It would be misleading to suggest economic and business trends in the region are unremittingly bad, however. Pork and poultry consumption has risen in response to the "mad cow" crisis – a boon to a region that is home to nearly half of French businesses in these sectors. The tourist industry has benefited from a much-remarked trend among French holidaymakers to head west in preference to destinations on the Mediterranean coast.

Citroën's Rennes plant is soon expected to start assembling a new model. Breton expertise in the fast-growing telecoms sector will remain a valuable asset as the European market becomes more competitive.

What is probably true is that, except possibly for infrastructure projects, the region will be able to rely less than in the past on the shrinking French state for support and pump-priming. Mr Loeiz Laurent, former regional director in Brittany for Insee, the national statistics institute, says: "Brittany has stopped being a priority in the concerns of the government".

Mr Baranger refers to two "legs" which have helped carry the regional economy in recent decades: the first, successful local entrepreneurs; the second, state intervention. The first looks set to bear an increasing burden as the region strives to sustain its hard-won prosperity.

David Owen

UK casts scorn on BSE report

By Neil Buckley in Brussels

The UK has accused the European parliament's special inquiry into the "mad cow" crisis of "gratuitously misrepresenting the facts" in its highly critical final report on the affair.

Sir Stephen Wall, British ambassador to the European Union, has written to Mr Reimer Böge, the German MEP who chaired the inquiry, to complain that the "absurd" report had "chosen to recycle old prejudices, even when these do not fit the facts".

The latest twist in the ongoing battle between the UK and Brussels over BSE (bovine spongiform encephalopathy) came a week before the European parliament's full session will vote on the report next Wednesday.

The report identifies the UK as the prime culprit in the crisis, cataloguing 13 areas of criticism – including failure to implement EU controls to halt the spread of BSE and attempting to "blackmail" the European Commission into lifting the global ban on British beef exports.

It also criticises the Commission on 18 points, including putting the interests of the beef market above human health.

The UK is particularly angry about an amendment to the final report calling for Mr Douglas Hogg, agriculture minister, to be taken to the European Court for his refusal to appear before the inquiry. Mr Hogg is facing a censure motion brought by the opposition Labour party for his handling of the crisis in the House of Commons next week.

Sir Stephen notes that the inquiry committee turned down an invitation to meet Mr Hogg when it visited London. Denying suggestions that the UK had not co-operated with the inquiry, he says the UK sent a "significant volume of documentation" plus the two most senior officials handling the case. He calls an allegation that the UK failed to carry out the necessary research into BSE an "extraordinary claim". Instead of giving UK scientists credit for "ground-breaking" research, he adds, the report accuses them of aiding a "British conspiracy".

"This is absurd and an allegation for which you are able to produce no evidence," the ambassador writes.

"It is also insulting to the individuals concerned and a slur on their professional integrity." Sir Stephen adds that the report "contains a number of inaccuracies and omissions".

"It is a great pity that months of work in gathering evidence have not been reflected in the final report," he says.

Another amendment to the report suggests the UK should be forced to repay more than Ecu1bn ($1.18bn) spent out of EU funds on dealing with the crisis last year, but legal experts suggest MEPs would have little chance of enforcing such a demand.

France sees drop in new car sales

By John Griffiths

A collapse in new car sales in France, following the end of government purchase incentives, shifted western Europe's new car market into reverse in January.

The setback has left the industry warning that sales prospects this year are increasingly fragile because of rising unemployment, particularly in Germany and France, and austerity measures in European Union countries trying to meet monetary union convergence criteria.

"The economic fundamentals are starting to show through," a spokesman for the European Automobile Manufacturers Association (ACEA) said yesterday after ACEA statistics showed a 33.7 per cent sales drop in France, compared with the same month a year ago.

The French collapse left the total western European market down 2.9 per cent year-on-year.

ACEA estimates suggest the market may finish this year at best 1.8 per cent higher than in 1996.

The association maintains that last year's 6.6 per cent market rise was almost entirely due to government incentives programmes, notably in France and Spain, with help from an unusually large number of new model launches.

So far, only Italy has introduced incentives this year, lasting until September, but they began too slowly to have a significant market impact last month.

The pace of new model launches is also expected to slow, further reducing the prospects for growth.

"We have a market that is both fragmented and very volatile," the ACEA said.

January saw the Volkswagen group – embracing VW, Audi, Seat and Skoda brands – further consolidating its market leadership in the region with a share of 17.2 per cent, more than four percentage points clear of its close rival Fiat. Korean companies also made further gains, their collective share rising to 1.9 per cent from 1.6 per cent a year ago.

WEST EUROPEAN NEW CAR REGISTRATIONS
January 1997

	Volume (Units)	Volume Change(%)	Share (%) Jan 97	Share (%) Jan 96
TOTAL MARKET	1,130,000	-2.9	100.0	100.0
MANUFACTURERS:				
Volkswagen group	194,800	-0.1	17.2	16.8
– Volkswagen	120,600	-10.5	10.7	11.6
– Audi	40,500	+30.3	5.6	2.7
– Seat	25,300	+7.6	2.2	2.0
– Skoda	6,200	+48.1	0.7	0.5
Fiat group*	146,500	-3.1	13.0	13.0
– Fiat	122,300	+1.5	10.8	10.4
– Lancia	14,600	-8.3	1.5	1.4
– Alfa Romeo	9,500	-35.2	0.8	1.3
General Motors	142,728	-3.8	12.6	12.7
– Opel/Vauxhall	136,125	-4.3	12.0	12.2
– Saab	6,235	+21.5	0.8	0.4
Ford group	132,807	-5.2	11.8	12.0
– Ford	131,074	-5.3	11.6	11.6
– Jaguar	1,733	+3.5	0.2	0.1
PSA Peugeot Citroën	120,605	-12.3	10.7	11.8
– Peugeot	68,835	-17.0	8.1	7.1
– Citroën	51,770	-5.3	4.6	4.7
Renault	105,894	-6.4	9.4	9.7
BMW group	68,782	+2.5	6.1	5.8
BMW	34,682	+11.5	3.1	2.7
Rover	34,100	-5.8	3.0	3.0
Mercedes-Benz	38,700	-11.0	3.4	3.7
Volvo	18,744	+16.8	1.7	1.4
Nissan	31,746	-1.5	2.8	2.8
Toyota	31,766	+17.4	2.8	2.3
Honda	15,588	-17.4	1.4	1.6
Mazda	14,126	-5.9	1.3	1.3
Mitsubishi	10,836	-3.5	1.0	1.0
Total Japanese	121,271	+2.7	10.7	10.1
Total Korean	18,744	+16.6	1.9	1.6
MARKETS:				
Germany	264,000	-4.2	23.4	23.7
Italy	207,000	+4.4	18.3	17.0
United Kingdom	206,800	+7.8	18.3	16.5
France	122,300	-33.7	10.8	15.9
Spain	68,600	+22.1	6.1	4.8

*VW holds 70 per cent and management control of Skoda.
†Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
†† Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
Source : ACEA (European Automobile Manufacturers Association) estimates. Figures are rounded.

G7 debates Chernobyl shutdown fund

By Leyla Boulton and Simon Holberton

Officials from the Group of Seven industrialised nations will resume talks next week about whether they should pay for Ukraine to shut down the Chernobyl nuclear power station, site of the world's worst nuclear accident, and complete two new power stations.

G7 experts, meeting in Washington this week, reached no agreement on a controversial report by independent experts who argue that completing the reactors is uneconomic.

Commissioned by the European Bank for Reconstruction and Development, the report could force the bank to pull out of funding its $400m (£245.3m) share of the $1.2bn scheme. Bank rules prohibit it from lending money to energy projects which fail a "least-cost" criteria.

But one official said that while the EBRD might not reach a final view on what to do by next week, the other participants in the G7 scheme would seek to do so.

"If the EBRD pulls out, this is not necessarily the end of the story as far as the G7 is concerned," said one official. "But it would create a new situation." Some officials said senior G7 "sherpas" would meet on Saturday ahead of the experts' renewed meeting in Brussels next week, to give their discussions some political direction.

"This is not an economic issue any more; it's a political one and it's got to be decided at that level," said one official.

One good reason for the west to keep the bargain with Ukraine would be to maintain leverage over Kiev for closing down Chernobyl and ensuring the two new plants were completed to the highest safety standards, an official said yesterday. "If we don't complete the plants with our expertise, then others might jump in," the official added, in an obvious reference to the Russian nuclear industry.

EUROPEAN NEWS DIGEST

German call for tax talks

The prospect of Germany introducing tax cuts a year earlier than planned increased yesterday after senior figures in the Bonn coalition and opposition Social Democratic party (SPD) backed early talks on the government's proposals.

The SPD is urging cuts for middle and low income taxpayers from next year – rather than 1999 as originally planned by the government – and yesterday proposed cross-party talks should start this month. Its support is important because agreement is needed from the opposition-dominated upper house of parliament, the Bundesrat, for parts of the package.

In response, Mr Peter Hintze, secretary general of Chancellor Helmut Kohl's Christian Democratic Union, said: "Major tax reform is our most important project for more growth and employment. The quicker we have agreement with the SPD-controlled Länder in the Bundesrat, the better."

Talks this month might accelerate the timetable for lowering and simplifying Germany's tax system. However, there remains resistance within the SPD to much of the package, including proposed top-rate tax cuts and a possible increase in value-added tax.

On Wednesday Mr Theo Waigel, finance minister, set out specific steps that could be implemented in 1998 – including an initial cut in the bottom income tax rate from 25.9 per cent to nearer 20 per cent. But he also said the top rate had to be cut from the current 53 per cent to less than 50 per cent. *Ralph Atkins, Bonn*

Spanish lorry strike escalates

A picket was hit and killed by a French lorry yesterday in northern Spain, heightening tensions as the Spanish truckers' strike entered its second week.

Elsewhere police provided escorts for those crossing picket lines and there were reports of arrests as strikers slashed tyres and broke windscreens of lorries that ignored the stoppage. Several industrial plants in northern Spain, where the protests are concentrated, shut down because of a lack of supplies and there were fears of food shortages in the main cities.

Strikers are demanding lower fuel costs and tariffs, a ban on new licences and retirement at 60. The government said it would announce measures today which would enable truckers to purchase cheaper diesel if they formed co-operatives. The measures seek to restructure the trucking sector, which is highly fractured in Spain with more than 80 per cent of domestic road transport conducted by owner-drivers. The government also promised increased police action to prevent picket line violence and ensure transport of essential goods. *Tom Burns, Madrid*

Poland ends petrol price curbs

The Polish government has lifted price controls on petrol in the first step in the privatisation of the country's oil refineries and petrol distribution system. The move, which should see petrol prices rise by about 10 per cent, is one of the first acts by Mr Marek Belka, the new finance minister. In contrast to his predecessor, Mr Grzegorz Kolodko, who resigned last week, Mr Belka has decided that moving ahead with the disposal of the sector is more important than containing the rise in consumer prices which the liberalisation will produce.

The European Union last year demanded that Poland free retail petrol prices and present a privatisation plan for the oil industry in return for agreeing to the maintenance of tariff barriers for petrol imports until 2000. Currently Polish petrol prices are among the lowest in Europe with a litre of lower grade lead-free petrol costing 1.46 zlotys (48 US cents).

Polska Nafta, a holding company that owns 75 per cent stakes in the country's two main refineries, Plock and Gdansk, will soon issue a memorandum on the sector's privatisation to up to 50 potential strategic investors. Under the plan outside investors are to be offered a 30 per cent stake in the refineries. *Christopher Bobinski, Warsaw*

Bulgarian refinery chiefs fired

Bulgaria's caretaker government yesterday sacked the board of directors of Neftochim, the country's biggest oil refinery and petrochemicals complex, and declared that easing a paralysing fuel crisis was its first priority. Mr Stefan Sofianski, the mayor of Sofia, who has taken over as prime minister until elections on April 19, also said he would head a new Financial Stabilisation Council. This will co-ordinate the new government's efforts to re-start an economy threatened by shortages of vital imported goods and hyper-inflation. *Anthony Robinson, London*

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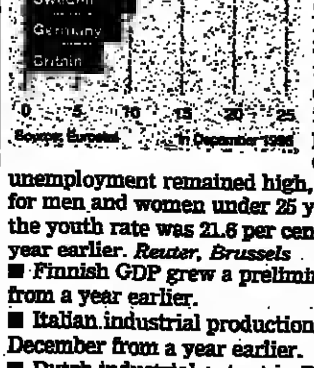
Portugal in united Emu bid

Portugal's governing Socialists and opposition Social Democrats (PSD) yesterday presented a joint resolution in parliament supporting the country's bid to enter the first phase of economic and monetary union. The initiative amounts to a virtual guarantee that the centre-right PSD, the main opposition party, will not seek to unseat the minority Socialist government, assuring political stability until the next general election in 1999.

Mr Marcelo Rebelo da Sousa, PSD leader, said his party would support all government action aimed at ensuring Portugal's participation in the single currency from 1999. The resolution, partly a reaction to a reported plan to delay the entry of southern European countries into Emu, says candidate countries should be judged exclusively and individually on their compliance with economic convergence criteria. *Peter Wise, Lisbon*

ECONOMIC WATCH

EU unemployment rate flat



Unemployment in the European Union was flat at 10.8 per cent in December compared with a year earlier, although there was a slight improvement on November's figures, Eurostat said yesterday. The EU's statistics agency said unemployment in December was highest in Spain at 22.2 per cent and lowest in Luxembourg at 3.5 per cent. Eurostat said that December's 10.8 per cent was a slight improvement on the 10.9 per cent of the previous eight months. Youth unemployment remained high, with a rate of 42.5 per cent for men and women under 25 years old in Spain. Overall the youth rate was 21.6 per cent, compared with 21.4 a year earlier. *Reuter, Brussels*

■ Finnish GDP grew a preliminary 3.2 per cent in 1996 from a year earlier.

■ Italian industrial production fell 3.1 per cent in December from a year earlier.

■ Dutch industrial output in December was down 0.6 per cent year-on-year, following a revised 2.8 per cent year-on-year rise in November.

■ Norway's trade surplus, excluding ships and oil platforms, grew to NKr11.129bn ($1.69bn) in January from NKr9.275bn in December.

NEWS: EUROPE

Around $60bn of Russian capital has flowed overseas in last five years

Russian mafia 'has $10bn in Swiss banks'

By Vincent Boland in Prague

An estimated $60bn has been moved out of Russia to overseas financial centres in the past five years and outflows continue at the rate of $12bn a year, a conference on money laundering was told yesterday.

Swiss law enforcement agencies believe there is at least $10bn of Russian mafia money in Swiss bank accounts, Dr Sergei Shibaev, a former partner at the accountancy firm Coopers & Lybrand in Moscow, told a conference in Prague on money laundering in central and eastern Europe.

Almost all the capital is being sent ebroad illegally through import-export scbemes or other transfers and even in suitcases of cash. Last year the Russian central bank authorised the transfer abroad of just $811m, of which $416m was actually transferred.

Giving a stark account of the extent of capital flight from Russia and the influenca of organised crime on the country's economy, Dr Shibaev said that 41,000 companies, half the country's banks, and 80 per cent of joint ventures involving foreign capital may be connected to criminal groups, of which there are around 5,000.

He estimated the black economy accounted for 40 per cent of Russian economic activity, and rising crime was dragging many legitimate businesses into its orbit.

It is illegal for Russians to hold foreign bank accounts without authorisation. Mr Shibaev said a common way for capital to be exportad was by paying out on invoices for fictitious goods or services provided by legitimate companies operating in western countries.

"It is almost impossible to make a money transfer out of Russia without help from the west," Dr Shibaev said. But it was relatively easy to take money abroad in a suitcase. People could get through customs at Moscow's international airport with a suitcase full of cash with the paymeot of a small bribe, be said.

Much of the flight capital represented legitimate money fleeing soaring crime, political instability and high taxes leading to widespread tax evasion, though it was impossible to tell how much of the total flight capital was "clean," he said. Switzerland and Cyprus were favoured destinations, while Chechnya was a leading centre of money laundering.

Dr Shibaev said two treaties between Russia and Switzerland on money laundering were ineffective, and a third was being prepared. The penal code required banks to report suspicious transactions but this was rarely obeyed because Russians viewed it as a return to Stalinist "informing."

Russian bankers asked as few questions of clients as possible, Dr Shibaev said. "So long as all the boxes are ticked they are comfortable. The less you know the quieter you sleep."

Dr Shibaev warned western investors in Russia to "know your client" and said increased co-operation among the Commonwealth of Independent States was helping in the war against organised crime. But he said more international co-operation was needed to fight the problem.

A bridge too near for euro banknote

By Andrew Fisher in Frankfurt

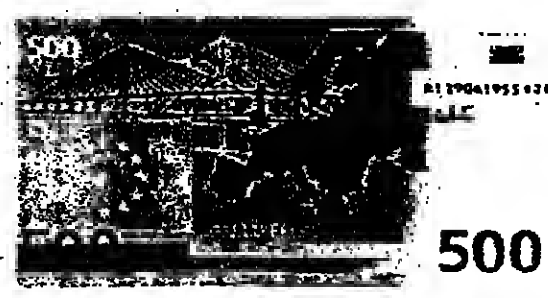
There are plenty of obstacles on the road to European monetary union, but it was never thought that the design on the back of the new euro notes would he among them.

As in many grand undertakings, however, "the devil's in the detail". While the bridges, gates and windows on the planned series of seven banknotes – symbolising "openness and co-operation in the European Union" – represent styles through the ages, they are not supposed to be based on specific examples.

But Mr Russ Swan, the sharp-eyed editor of Bridge Design & Engineering, a UK trade magazine, immediately recognised one of the bridges and has found what seems to be the source of several others.

Searching through a book called "Bridges – 3,000 Years of Defying Nature," he found the examples on the notes looked very like structures in France, Spain, Italy and, far beyond the territory of the euro – India.

He was especially struck by the suspension bridge on the purple 500 euro note. It looked very like the Pont de Normandie near Le Havre in France. Mr Swan says the designer of that bridge, Mr Michel Virlogeux, confirmed that it bore an uncanny resemblence to bis cable-stayed suspension structure.



500 Euro note: so very like the Pont de Normandie

Mr Swan wrote to the European Monetary Institute, forerunner of the European central bank, telling it this.

Uoperturbed, the EMI said the designs – by Mr Robert Kalina, an Austrian banknote designer – were still in the draft stage and would bave to be modified to incorporate security, identification and otber features.

Mr Swan even had a letter from Mr Hanspeter Scheller, the EMI's secretary general, saying tbat the designs would have to be revised anyway for final printing.

No doubt the modifications will remove the carriages and people from above the arched bridge on the green 100 euro note, which Mr Swan says looks remarkably like the Pont de Neuilly in Paris, demolished in 1956.

Officials at the EMI point out that there are bundreds of such bridges in Europe – including one visible from the EMI's very own Eurotower headquarters in Frankfurt.

The pontoon bridge on the grey 5 euro note also has people on it. However, they are oot wearing turbans, unlike those on a 19th century engraving of an unknown pontoon bridge in India whicb Mr Swan suggests is the original.

Moscow wish list budget clears hurdle

By John Thornhill in Moscow

Russia's 1997 budget was yesterday submitted for President Boris Yeltsin's approval after clearing its last legislative hurdle, although not even government ministers pretend It bas a realistic cbance of being fully implemented.

Mr Konstantin Titov, governor of Samara, said the revenue side of the budget was "unrealistic and tha expenditure side utopian".

The upper house of Russia's parllament approved the hudget after an ill-tempered debate on Wednesday by a vote of 120 to 25, which even government supporters said was something of a wish list. It envisages a deficit of 3.5 per cent of GDP before interest payments and relies on a substantial increase in revenues at a time wben the government is struggling to raise its tax take.

The budget projects revenues of 15.9 per cent of GDP tbis year, substantially higher than the 11.1 per cent of GDP achieved in the first 11 months of 1996.

Nevertheless, Mr Victor Chernomyrdin, prime minister, hailed parliament's decision saying the budget provided the framework to entrench Russia's economic stabilisation programme. He said be was convinced 1997 would mark the "watershed year" for Russia.

After five years of painful reform, the economy is beginning to show signs of fragile growth with GDP rising by 0.1 per cent in January.

Interest rates have tumbled since last year with six-month Treasury-bills yielding aboot 27 per cent. Economists suggest the budget's forecast of 12 per cent annual inflation remains within grasp if the government perseveres with its tight monetary policy.

But the central bank has warned there could be a dangerous build-up of domestic debt unless expenditures are cut further, revenues increased, and the deficit held at a sustainable level. When interest payments were included, Russia's budget deficit rose to 7.6 per cent of GDP last year.

The finance ministry vowed yesterday it would intensify the war against the biggest corporate tax debtors. The ministry claimed that 73 companies were responsible for 45 per cent of the Rba68,200bn ($12bn) owed to the government.

Growth forecast at 2.3% for 1997, but jobless fears persist

EU pushes for flexible jobs market

By Emma Tucker in Brussels

The European Commission yesterday urged member states to introduce greater flexibility into their jobs markets to help cut the European Union's high jobless count. It predicted that faster growth rates over the next two years would make only a limited impact on unemployment.

In its annual economic report the Commission predicted that the economies of the 15 member states would strengthen to 2.3 per cent this year and 2.8 per cent in 1998, underpinned by the strict monetary and budgetary policies governments are pursuing ahead of economic and monetary union. But it warned that blaming globalisation and technological improvements for unemployment was pointless. These factors "put constant pressures on member states to maintain or improve their competitive position" but "have not caused the high level of unemployment in the EU," said the report.

If employment-intensive growth was to be encouraged, labour markets would have to become more responsive to changes in the economy through modernisation of the organisation of work, improved education and training, increased mobility and a "widening of the labour cost structure". This could include such measures as a lowering of non-wage costs, or a reduction in income tax for the low-skilled.

While stressing the need to preserve "in a reformed and streamlined fashion" the main ingredients of the European social model, the report highlights the Union's poor record on employment creation compared with its main competitors.

It said total employment had fallen by 4.5m jobs between 1991 and 1996, while growth averaged 1.5 per cent a year – a considerably worse performance than that of the US and Japan.

The report comes against a backdrop of

worries about the ability of several countries to meet the strict conditions of economic and monetary union.

However, the report stresses that one-off emergency measures by governments to bring down their budget deficits, such as Italy's euro-tax, could undermine sustainable growth.

"It is evident that the temporary nature of these measures does not contribute to improving the fundamental budget situation," said the report.

For the first time since 1993 average wage increases across the EU 15 were forecast to remain at levels (3 per cent in 1997 and 1998) "fully consistent both with the maintenance of price stability and with the achievement of a further improvement in investment. But it warned of the danger that "inappropriate" wags demands could resurface early in the recovery.

German joh trainees protest at high unemployment in the city of Dortmund. The signs read: "We demand training for everyone" (left) "More than 4m johless" *Reuter*

Hungary seeks new power bids

By Kester Eddy in Budapest

Hungary's three remaining state-owned thermal power companies heve failed to attract acceptable offers in a recent tender, and new invitations will be drawn up, Ms Jndit Csiha, privatisation minister, has said.

This is tha second time the companies, Pecs, Bakonyi and Vertes, were put up for sale, having failed to find huyers in the hig energy sell-off in late 1995. Vertes, which is seriously indebted, failed to attract any bids this time.

The companies comprise mainly old coal-fired generators and beating plants, with a total generating capacity of some 1,100MW, abont 15 per cent of the national total of around 7,200MW. They come complete with integrated, overstaffed coal mines and potentially large clean-np costs.

Investors are particularly cantious following recent electricity price rises which they deem insufficient to provide even the legally guaranteed minimum return of 8 per cent – which they believe is itself insufficient to interest financa for future development. "Banks wouldn't look at anything in this sector without a return of 15 per cent," one corporate banker said.

The average age of Hungary's generators is nearly 20, and some 4,000MW of new capacity is required by 2010.

"This new capacity just won't happen, because the finance is not obtainable," said Mr Garry Levesley, plant manager with AES Generation.

Consumer electricity prices rose almost 25 per cent in January after the government sought to limit the rises. But the opposition attacked it for awarding increases averaging 25-26 per cent to the privatised generators while holding rises of state-owned stations to around 3 per cent.

Serbia plans sell-off to raise cash

Serbia has set out a plan to prepare its huge and inefficient state sector for privatisation. But critics say the socialist government is driven hy an urgent need for cash rather than a commitment to economic liberalisation.

On Tuesday, the government set up a Ministry of Ownership Transformation and appointed businessman Mr Milan Beko to head it. A privatisation law is expected to go before parliament in April.

President Slobodan Milosevic is under enormous pressure to find new sources of revenue as negotiations with foreign creditors and the International Monstary Fund are frozen.

Per capita gross domestic product is less than half its pre-war level, unemployment is about 50 per cent, many workers have not been paid for months, and foreign exchange reserves are close to exhaustion. The foreign trade deficit widened last year.

Privatisation has hecome one of tbe issues in the weeks of pro-democracy rallies in Belgrada which forced tha government's capitulation in accepting opposition victories in local elections.

Leaders of the opposition Zajedno (Together) coalition hack privatisation bnt accuse the regime of selling state assets on the cheap to stave off bankruptcy.

Mr Milosevic's immediate needs were to pay wages to the 100,000-strong police force and avert wider social unrest hy paying pensioners and stste workers, according to an independent economist involved in the privatisation process. "There is no government long-term plan on these things," he said.

Professor Jurij Bajsc of Belgrada University's economics faculty, said: "Serbia cannot expect a serious inflow of capital this year, so it has to sell off state enterprises."

Ths state directly owned about 30 per cent of Serbia's capital, he added. But alongsids the traditional state sector, Yugoslavia had had for decades a system of "social ownership", collective enterprisas that in theory belonged to their workers. The new privatisation law will have to clarify who actually owns what.

Some of the biggest companies are beaded by government ministers who are resisting privatisation, fearing this would weaken the political grip of the Socialist party and its allies.

Prime minister Mirko Marjanovic told parliament privatisation of companies and hanks would be an enormous challenge that would lead to healthy market competition, and promised: "The government will not allow the hurden of market reforms to fall on the economically weakest section of the population".

First to be sold off, economists said, would be the telecommunications sector; a deal with Italy's state telecoms company Stet could be finalised within weeks, possibly followed by Nis, the state oil company. Belgrade newspapers say Nis wants to set up joint ventures with Texaco of the US and Britain's Shell, its partners hefors sanctions were imposed on Serhia during the war in former Yugoslavia.

Independent economists described the previous running of Serbian industry as "a bad mix of self-management and Soviet-style command economy" and said plans to sell off the oil and energy sector had been delayed because of the current political upheaval in Serbia and divisions within the ruling coalition.

Guy Dinmore

France 'in reach of Emu deficit limit'

By David Owen in Paris

France is "within reacb" of the Maastricht deficit limit for 1997 bnt may need to make further budget amendments to ensure it hits the target, says the Organisation for Economic Co-operation and Development.

In a report published yesterday, tbe Paris-hased OECD also calls for an acceleration of banking reforms and "an entire package of major reforms" in the electricity and telecoms sectors.

It says the property sector crisis that bas forced many companies and financial institutions to set aside large provisions is not over.

But it says improved macroeconomic policies have raised tbe government's credibility, with the sharp fall in interest rates since late 1995 likely to set tbe stage for stronger growth.

On the vital issue of this year's deficit, tbe OECD's formal projection is for a general government borrowing requirement in 1997 of 3.2 per cent of gross domestic product – above the 3 per cent level required for France to qualify for the European single currency.

But it acknowledges that even if there is some slippage from the government's current projections, "there should be room to take the measures needed to bring it back on track". The organisation assumes that "social spending will be somewhat above the ambitious official spending targets for 1996 and 1997", with health spending expected to rise by 2.5 per cent until 1998, sligbtly above official estimates.

The OECD also assumes "moderate" public sector wage rises, pinpointing the area as "a major uncertainty". The civil service ministry said this week the puhlic sector pay hill was expected to rise by just under 2.2 per cent in 1997.

The OECD's deficit forecast is in spite of a projection for France's 1997 GDP growth, which – at 2.5 per cent – is higher than the government's forecast of 2.3 per cent. It says "the sharp easing in monetary conditions and the improvement in the international environment sbould set the stage for a stronger growth performance in the next two years".

Though unemployment could still be about 12 per cent in 1998, against 12.7 per cent now, "an improving labour market situation should holster consumer spending" while "a pronounced inventory cycle sbould boost activity after recent destocking".

On banking, the OECD says that "a package of reforms, including the levelling of the competitive playing field, better internal and external prudential controls and the withdrawal of the state, needs to be implemented more quickly".

On ths electricity and telecoms sectors, the OECD calls for "an entire package of major reforms, namely: hiving off the natural monopoly networks; privatising in such a way that owners of natural monopolies do not own related businesses and geographically separable networks are not under common ownership; and adopting efficiency enhancing regulatory systems".

No sign of compromise on eve of American Airlines strike

US braced for air travel chaos

By Richard Tomkins in New York

The US was yesterday bracing itself for severe travel disruption this weekend as American Airlines, the country's second biggest airline, teetered towards the brink of an all-out strike by its pilots.

Barring a last-minute breakthrough in negotiations between the two sides, the airline's 9,000 pilots are due to strike indefinitely from midnight Eastern Standard Time tonight, eliminating 20 per cent of the seats flown daily by US carriers.

"It's going to be one bell of a mess for travellers and husiness alike," said the American Society of Travel Agents. "The reason is that American Airlines is the dominant carrier in so many major markets."

Travel between North America and the Caribbean will be particularly hard hit because American Airlines accounts for 49 per cant of capacity hetween tbe two regions. The airline said yesterday that people already in tbe Caribbean would have "substantial difficulty" getting bome.

"We will do all we can to belp them, but the likelihood that other airlines will be able to handle the incremental traffic is very doubtful."

Travellers could also find themselves without flights to or from the Colorado winter sports resorts of Vail, Steamboat Springs, Crested Butte and Durango/Purgatory, where American Airlines provides 45 per cent of capacity.

The company said stranded passengers would probahly have to fly in and out of Denver International Airport, making their connections with the ski resorts by road.

The threatened strike coincides witb one of the busiest boliday weekends of the winter season, from St Valentine's Day today to Presidents' Day on Monday, which is a national public holiday.

It also comes at a time wben airline capacity is under pressure. US airlines, enjoying a long period of rising passenger numbers, filled a record 69.8 per cent of seats last year, up from 67.3 per cent the previous year.

Other US airlines bave said they will honour most American Airlines tickets on tbeir flights without extra cbarge: American Airlines will pay any fare differential. Bnt the other carriers will give their own passengers priority over people transferring from American.

Most US travel agents with passengers hooked to fly with American Airlines have msde alternstive arrangements for them, so passengers facing the greatest difficulties will be those who hooked direct with American.

In Washington, there were no signs of a breakthrough in the negotiations. Mr Robert Crandall, chairman and chief executive of American Airlines, told a House of Representatives transportation committee bearing that the pilots' demands would add more than $200m to the sirline's costs and would give them compensation 9 per cent higher tban the next highest-paying airline.

Crandall: 'Pilots' demands would add $200m to costs'

Economists back call for new carbon taxes

By Mark Suzman in Washington

More than 2,000 US economists, including six Nohel laureates, yesterday endorsed an unprecedented statement calling for new taxes on carbon use and an international emissions trading agreement to help control global warming.

The economists argue that using such market-based policies to limit the growth in greenhouse gas smissions could ultimately prove beneficial for the economy.

"For the United States in particular, sound economic analysis sbows there are policy options tbat would slow climate change without harming American living standards, and these measures may in fact improve US prodnctivity in the long run," the statement says.

Althongh there are still some sceptica, the overwhalming consensus among economists is a blow for energy companies and other lohhy groups which have managed to derail previous attempts to introdnce such a carbon tax on the grounds that it would be prohibitively expensive.

It will also put pressure on the Clinton administration to come up with concrete proposals on combating global warming ahead of the international conference on the issue in Kyoto, Japan, next December.

The administration recently indicated its snpport for emissions trading but has backed away from the idea of a carbon tax.

The statement was drafted by five prominent economists, Mr Kenneth Arrow and Mr Robert Solow, both Nobel prizewinners, Mr Dale Jorgenson of Harvard University, Mr Paul Krugman of the Massachusetts Institute of Technology and Mr William Nordhaus of Yale University.

It was circulated to economists across the country by Redefining Progress, a non-partisan, nonprofit puhlic policy organisation based in San Francisco.

The statemeot cites scientific evidence from the United Nations-sponsored fntergovernmsotal Panel on Climate Change in 1995 to argue that "preventive steps are justified" to combat the "significant environmental, economic, social and geopolitical risks" associated with global warming.

Specifically, it calls for the US and other countries to co-operate on reforms such as carbon taxes and the auction of internationally tradeable emission permits. "The revenues generated from such policies can effectively be used to reduce the deficit or to lower existing taxes," it says.

Mr Stephen DeCanio, senior economic fellow with Redefining Progress, said the statement is aimed at persuading the US to take an international lead in combating global warming.

"Some groups have asserted that we cannot address the global climate change prohlem without incurring serious economic harm," he said. "These 2,000 economists have said essentially the opposite – that the greatest risks lie with inaction."

Chinese role alleged in US election funding

By Patti Waldmeir in Washington

Concern over improper political fundraising activities at the White House spread to a new area yesterday after a report alleged that Chinese emhassy officials in Washington planned to cbannel contrihutions from foreign sources to the Democratic party.

The White House immediately distanced itself from yesterday's Washington Post report, which said that a Justice Department investigation into campaign fundraising had uncovered evidence of an official Chinese connection. Mr Mike McCurry, the White House spokesman, said President Bill Clinton knew nothing ahout it, and the Justice Department declined to comment. A Chinese embassy spokesman issued a denial, saying: "We have done nothing of that sort."

Though the report was largely speculative and provided few details, it was given unusual credencs because of the reputation of its author, Mr Bob Woodward, wbo remains famous for his role in uncovering the Watergate scandal.

The report said intelligence information, some of it ohtained through electronic eavesdropping, showed that the Chinese emhassy was used to plan campaign contributions to the Democrats before the last elaction. It did not make clear whether the contributions were actually made.

Almost every day brings new allegations of alleged improprieties in White House fundraising, with the campaign finance controversy rapidly overtaking the Whitewater affair as the scandal pursued most avidly by the US media.

Such allegations bave focused on a supposed Chinese connection for some time, because several suspect contributions to the Democrats have come from donors with ties to Beijing. Sometimes tbe alleged ties are tenuous st best: Mr John Huang, a former Commerce Department official at the centre of the campaign controversy, was born in China hut raised in Taiwan.

But the White House has admitted at least one improper Chinese connection: Mr Clinton has admitted meeting the head of a weapons trading company owned by the Chinese military, who was entertained to coffee at tbe White Housa after the intervention of Mr Charles Yah Lin Trie, a Democratic fundraiser.

Diplomats said China might well have been eager to try to win influence with the Clinton White House, which found itself at odds with Beijing in the early days of Mr Clinton's presidency over human rights and trade. But relations have begun to improve recently, with the president expected to visit China later this year and Mrs Madeleine Albright, the new secretary of state, due in Beijing later this month.

AMERICAN NEWS DIGEST

Rush to buy Colombia bond

The government of Colombia yesterday issued its first 30-year bond in response to "overwhelming" international demand for what was originally planned to be just a 10-year issue. Analysts said the strong response to the $1bn bond, which will satisfy two-thirds of Colombia's dollar borrowing requirements this year, was attributable to the country's improving economic situation and the global "bull" market for emerging market debt.

The reduction of yield spreads (interest) paid on European and US bonds in the past 18 months has correspondingly boosted international appetite for higher-yielding Latin American debt.

Yesterday's issue, which was divided between $750m in 10-year global bonds and $250m in 30-year debt, was oversubscribed by four times, according to lead-manager J.P. Morgan. Colombia's debut global bond, which, unlike euro and yankee bonds (bonds issued by non-US borrowers, denominated in US dollars, in the US domestic market), can be simultaneously distributed in Asia, Europe and the US, was offered at just 1.3 per cent higher than equivalent US Treasury bonds – half the rate paid on equivalent Mexican debt. *Edward Luce, London*

US retail sales edge up

US retail sales rebounded moderately in January from a December holiday sales season that was much weaker than previously thought, the Commerce Department said yesterday.

Total retail sales grew hy 0.6 per cent last month to a seasonally adjusted $209.1bn after a steeply revised 0.3 per cent gain in December. Ths government previously said sales in December had risen much more strongly by 0.6 per cent.

Economists said the weak report would give the Federal Reserve no incentive to raise interest rates.

January sales excluding cars, which alone account for about a quarter of all retail business, were up only 0.4 per cent. The figures were below Wall Street economists' forecasts for an overall 0.7 per cent increase and for a 0.6 per cent rise excluding cars.

The downward revision in December sales suggests the economy may have entered the year with somewhat less momentum than had been thought. Consumer purchases of goods and services account for about two-thirds of national economic activity. *Reuter, Washington*

Poor year for music industry

The US music market experienced its second successive year of sluggish sales in 1996. Wholesale sales of albums, singles and music videos rose by just 1.6 per cent to $12.5bn, which means they failed to keep pace with inflation, according to figures yesterday from the Recording Industry Association of America.

Ona problem facing the US market, still the world's biggest source of record sales, was the instability of the retail sector following aggressive discounting of chart albums and the subsequent closure of hundreds of specialist record stores. Another was that sales of new releases by previously bankable acts, such as R.E.M., Pearl Jam and Bryan Adams, fell below expectations.

Ms Hilary Rosen, president of the RIAA, said the slowdown had been "no surprise" to the industry which needed to "rekindle consumer interest". The association is co-ordinating research across the US to assess whether consumers' attitudes to music have changed and, if so, what to do about it. *Alice Rawsthorn, London*

NEWS: WORLD TRADE

Turkey signs two big deals for helicopters

By John Barham in Ankara

Turkey yesterday signed two large halicopter deals with Eurocopter, the German-French helicopter manufacturer and with Sikorsky of the US. The Turkish Defence Industries department signsd a FFr2.5bn ($440m) contract to huy 30 Eurocopter Cougar general purpose helicopters, most of which will be built in Turkey under a *co-production* agreement with government-controlled Tusas Aerospace Industries (TAI).

The order also includes an offset agreement under which Eurocopter is to buy equipment from Turkish companies worth up to half the helicopters' total value. Eurocopter said the deal also includes a "joint marketing accord" with TAI to *sell* Cougars to clients in neighbouring countries.

The first two Cougars will be built at Eurocopter's plant in Marignane, France for delivery by July 1999. The rest will be made at TAI's Ankara factory. Turkish companies are to provide about one-third of the helicopters' *parts. Turkey has* 20 AS-532 Cougars, bought in 1993. They are used in combat, search and rescue and transport missions.

Yesterday's deal is a breakthrough for Eurocopter, finally pushing aside strong competition from US rivals. Turkey's *armed forces* generally prefer US-made equipment and last year Turkey imported $750m-worth of US defence equipment.

However, controversial contracts including big helicopter deals have failed to win Congressional approval in recent years because of concern over Turkey's human *rights record.*

The government's agreement yesterday with Sikorsky to buy four naval Seahawk belicopters for $130m *is likely* to face fierce opposition in Congress, US officials said yesterday.

Turkey's security forces rely heavily on helicopters in the mainly Kurdish southeast, where guerrillas of the Kurdistan Workers party (PKK) have been waging a *separatist insurgency for the* past 13 years.

The government signed a $1.1bn deal signed with Sikorsky in 1992-93 for 95 helicopters. Turkey has already recelved 45 of the Black Hawk armed transport helicopters under the accord, with the remaining aircraft to be co-produced. The deal is currently suspended over disagreements about co-production terms.

TAI, 51 per cent government-owned and 49 per cent owned by Lockheed-Martin of the US, has co-production accords with Casa of Spain to build transport aircraft and with McDonnell Douglas to build F-16 fighter bombers which are sold to Turkey and other *Middle* Eastern countries.

Getting through: why these talks matter

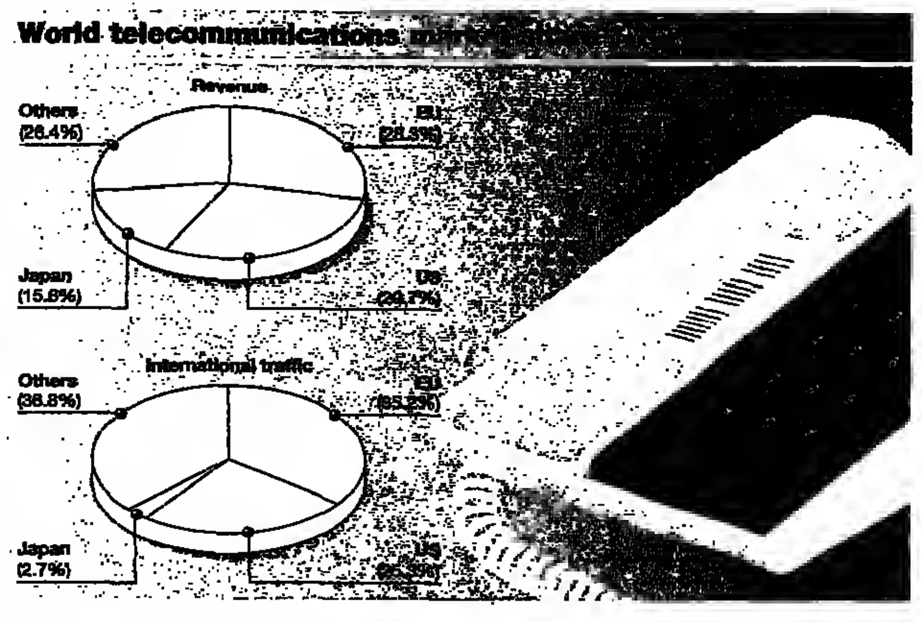
Alan Cane explains what lies behind the negotiations to open up the world's telecoms markets

Every available conference room in the World Trade Organisation'a headquarters on the shores of Lake Geneva has been booked for weeks.

Negotiators from abont 60 countries are overflowing into Geneva's hotels and trade missions as they strive to meet tomorrow's deadline for the completion of talks designed to opan up the world's telecommunications market.

The last attempt failed 10 *months ago after* US objections resulted in a last-minute stand-off. Those close to the talks say, however, that there is even an air of cautious optimism this time.

Much is at stake. The global telecoms services market is currently worth about $600bo and only about 20 per cent of it is open to competition. There are estimates that the liberalisation of national markets could *save customers $1,000bn over* three years. Furthermore, if a pact cannot be successfully concluded by tomorrow night, it is unlikely the WTO will revisit the topic before 2000.



While the object of the negotiations is simple, tbe mechanism to achieve it, from an outsider's point of view, is convoluted and time-consuming with an internal logic all its own. *Ordinary* telephone users could be forgiven for thinking that the drama now raaching its climax in Geneva seems to have little relevance to their telephone bill.

The fact remains that a successful conclusion will, over time, result in significant reductions in the cost of telecoms services and a substantial improvement in variety and quality.

The underlying reason for the WTO's anxiety to see *telecoms markets* opened is a belief that economic growth follows rather than precedes efficient telecoms services and that open *competition is the best* way of securing low prices and a broad and innovative range of services.

A successful global pact would therefore have a triple impact.

First, in the telecoms business itself, it would stimulate the modernisation of public switched telephone networks, encourage inward investment and promote the reform of national regulatory regimes.

Second, it would benefit customers through *lower* prices, more choices of operator and services.

Third, it would promote cross-border trade in goods and services other than telecoms – trade invariably depends on flows of information matching buyers to sellers. As telecoms services improve in quality and decline in price, interna*tional trade increases in vol*ume and becomes less costly for traders.

Mr Neil MacMillan, the British chairman of the talks, points out that telecoms operators will be abla to expand into new markets, giving them greater ability to offer their business customers "one-stop shopping" – a global, seamless service for all their corporate needs and a single bill.

He *also* argues that established and newly established operators in liberalising markets will invest heavily in infrastructure, generating substantial new business for equipment manufacturers.

Mr Tim Kelly, a senior sxecutive at the International Telecommunications Union, which co-ordinates telecoms programmes worldwide, says that residential customers in the US and UK, where markets are essentially already open, may see little immediate change.

But in countries where prices have been controlled by a *state-owned* monopoly operator, the fall in the cost of calls with increasing competition will be dramatic.

Much of the optimism this time stems from the amount of work put in by negotiators since the failure last year. So far some 57 governments have put an "offer" on the table in the current round. An offer is a commitment to open specific elements of a national market to competition.

> The fact remains that a successful *conclusion will*, over time, result in significant reductions in the cost of telecoms services *and* a substantial improvement in variety and quality

Some countries have been prepared to go further than others. *Bilateral negotiations* have been taking place over the past weeks and months through which countries making generous offers have been attempting to persuade others to improve their bids.

They have two principal bargaining points: a threat to withdraw their existing offer or promises to improve it.

Last year's talks failed because US negotiators did not believe that other countries, notably those in the Asia Pacific region, had made offers good enough to *justify a global pact.*

Among the reasons the US may not want to repeat that performance are the damaging effect it would have on WTO talks on financial services, which the US is anxious to see succeed, and the effect on its own leadership role in the WTO.

Negotiators point out, however, that failure will not halt the liberalisation of world telecoms, merely slow down the process. "Liberalisation is happening now and it is unstoppable," said Mr MacMillan.

More countries make market opening proposals as deadline nears for WTO negotiators

South Koreans put in new telecoms offer

By Frances Williams in Geneva

Momentum was building *yesterday* for a World Trade Organisation pact to liberalise global telecommunications markets worth $600bn a year as more countries came forward with new or better offers to open their telecoms sectors to foreign competition.

A *US decision on* whether it will accept the deal on the table could come today when the 60-odd countries taking part meet to consider the *final* package ahead of the deadline for agreement of midnight on Saturday. A special EU council of ministers meeting is scheduled for this afternoon.

Washington scuppered an accord last April because lt was not satisfied with the *offers from* many developing countries. However, a number of these offers have since been improved and oew ones have come in, including *important potential markets* such as Malaysia, Indonesia and South Africa.

In a significant move South Korea yesterday revised its offer to permit 49 per cent foreign ownership of facilities-based telecoms companies rather than the 33 per cent limit previously set. For Korea Telecom, the dominant operator, the equity limit has been raised to 33 per cent from 20 per cent.

Seoul has also agreed to accept entirely the so-called "reference paper" that lays down rules to ensure fair competition in telecoms markets. The majority of countries have now adopted the paper in full or in part, the first time WTO negotiations have embraced a common set of competition rules.

Though US officials were not revealing their hand yesterday, there appeared to be a growing expectation that Washington will join a WTO agreement. "It's a deal for the taking," said one European trade official. "US negotiators know they already have a solid package on the table but they are pressing for more to ensure approval by their political masters in Washington."

Also contributing to the growing optimism was the evident support for an accord from the US telecoms industry. "It's a much better package today than last April," said Mr John Windolph, executive director of Iridium, the US-based satellite communications company. "I think we're going to get a deal."

Vietnam tells Conoco to improve tender

By Jeremy Grant in Ho Chi Minh City

A consortium led by US oil company Conoco has beaten two rival bidders for exploratlon rights to Vietnam's most coveted oil prospect but Hanol refuses to award a contract until the group improves the terms of its tender.

The development comes a year after the DuPont unit rattled diplomatic nerves by signing a contract with Hanoi to explore jointly for oil in an area of the South China Sea fiercely contested by Beijing.

Conoco hoped this would give it the political leverage to clinch exploration rights to Block 15-01, an area off the southern coastal city of Vung Tau.

Analysts say the block is Vietnam's hottest oil prospect, a view which prompted foreign companies to bid for it in droves in 1994.

In a letter to candidates for the hlock, state oil agency PetroVietnam *rejected bids from Mobil and* a consortium involving British Petroleum, Mitsubishi Oil and Exxon.

It told Conoco and its South Koraan partners Pedco and Yukong Oil that they were still in the running but that they must bring the only other remaining bidder, Geopetrol of France, into their consor*tium and forge* a fresh deal.

Conoco and PetroVietnam have declined to comment. But Conoco officials are understood privately to be frustrated over Hanoi's unexpected demands. They hoped that the company's high stakes gamble in the South China Sea would pay off without complications.

They are understood to be uneasy about working with Geopetrol. The fact that Geopetrol was shortlisted at all has puzzled observers as it has little experience in oil exploration.

The French company has offered PetroVietnam generous terms for joint exploration of Block 15-01. It now appears that Hanoi's strategy is to use Geopetrol as a means of squeezing hetter conditions from Conoco.

A Pedco official said the consortium had been given until tomorrow to submit seven "negotiating points" to PetroVietnam.

Analysts say PstroViatnam's brinkmanship with Conoco will delay the start of work on Block 15-01 even further, a situation that Hanoi can ill afford. Foreign companiss have already been waiting for over two years for a decision, an unusually long period by industry standards.

WORLD TRADE NEWS DIGEST

Bolivia to sell oil, gas rights

The Bolivian government will open the country to oil and gas exploration through an auction likely to be held in May, energy minister Mr Jorge Berindoague has said in London. Some 63 per cent of the country's surface area had hydrocrabon-bearing potential, but not much information was available about large tracts.

"What we expect is that a number of companies will nominate areas; then we will auction them. The government may decide on some other areas," he added. *Most of Bolivia's oil* and gas *is produced* in *the area* around tha lowlands city of Santa Cruz. The auction would make available many non-traditional areas, for example, in the eastern and north-western regions. Operations of most of Bolivia's state-owned oil industry would be handed over to private sector operators on March 6. Three foreign consortia have agreed to invest a total $835m in two production companies and a transportation group in return for a 50 per cent equity stake. The other half will be deposited in Bolivians' retirement accounts. *Stephen Fidler, Latin America Editor*

Matsushita backs Hong Kong

Matsushita, Japan's largest consumer electronics maker, plans to increase investment in Hong Kong this year. Mr Yukio Shohtoku, director of Chinese and Hong Kong operations, said he was optimistic China would handle the return to it of Hong Kong carefully and cautiously.

Matsushita, which has invested over Y65bn ($521.6m) in mainland China, plans to expand the company's operations in Hong Kong this year by adding financing and procurement functions to its logistics operations there. Investment in Hong Kong would depend on the development of the colony's forward exchange market, Mr Shohtoku added. *Michiyo Nakamoto, Tokyo*

Turkey target for Yemen gas

Turkey is to be targeted as a possible customer for gas from a liquefied natural gas project being developed by Total, the French oil company, in Yemen. Mr Thierry Desmarest, Total's chairman, said European countries could be potential customers for gas from Yemen, though the economics of shipping LNG from the Middle East to Europe were still not as attractive as in the main LNG market in Asia.

The fast growth in worldwide demand for LNG is giving oil companies such as Total greater confidence to launch multi-billion-dollar projects without 100 per cent of the capacity sold in advance under long-term contracts. In future, some LNG projects could probably be launched with as much as a third of their capacity unsold.

■ Shell, the Anglo/Dutch oil group, expects Enel,the Italian electricity monopoly, will eventually honour its contract to buy gas from the new Nigeria LNG project now entering its main construction phase at Bonny Island on the Nigerian coast. Mr John Jennings, Shell Transport and Trading chairman, said he thought "deliveries will be made under the Enel contract," although he suggested volumes could be phased in. *Robert Corzine, London*

■ Cognos, a Canadian business information technology specialist, has sold an Impromptu inventory and sales tracking system to Volkswagen for deployment at its 5,000 European dealerships. *Robert Gibbens, Montreal*

■ Bouygues Shanghai, a subsidiary of the French construction group, has won a $92m contract to be chief contractor for the 55-storey Shanghai Maxdo Centre office tower, set to open in west Shanghai in the second half of next year. *James Harding, Shanghai*

NEWS: ASIA-PACIFIC

'Noisy' concert stirs HK discord

By John Ridding in Hong Kong

Plans for two pop performences in Hong Kong by Elton John, the British singer, just ahead of the British colony's transfer of sovereignty to China, have been dropped amid discord in the community.

Local politicians refused to waive laws governing noise levels at Hong Kong stadium.

With less than five months before the handover, time is running out for what is slated as one of tha biggest international events of the year. But so far, there has been little news of what ceremonies will happen apart from fireworks.

The China-backed committee overseeing the handover is seeking international performers, but found Pavarotti too expensive. And on the Hong Kong government side, John was the first star to be hilled. His loss prompts concerns that organisers are struggling to supply high-profile acts and to spend the HK$230m (US$29.7m) budgeted by the administration.

Such concerns appeared to cut little ice with local politicians. "The legal noise limits may be too low, but that is the law," says Mr Fred Li, democratic legislator, whose suggestion that the audience should wear earpbones tuned into a radio station broadcasting drew him into this bizarre saga. This would have allowed people to listen to John's songs without the concert exceeding the legal limit – 70 decibels before 7pm and 65 decibels afterwards. A concert, says, one stadium official, would be between 80 and 90 decibels.

This all sounds very strange in Hong Kong, one of the world's noisiest cities. But the beadphone solution has happened before. "I was there," said Mr Li. Stranger still, was a plan to supply gloves at a Cantonese pop concert two years ago to muffle the spplause.

Rights row hampers EU-Asean talks

By James Kynge in Singapore

Differences over human rights in Burma and Indonesia have seriously damaged the prospect of achieving a wide-ranging treaty between tha European Union and the economically powerful members of the Association of South East Asian Nations (Asean).

The failure to do this so far raises questions on how the EU and Asean – comprising Singapore, Malaysia, Indonesia, Brunei, the Philippines, Vietnam and Thailand – can advance a 20-year-old "friendship" process that has yet to achieve a concrete economic agenda, officials said.

The human rights issne dominated talks between 15 EU and Asean foreign ministers in Singapore yesterday, hitting hopes for an "Action Plan" to replace the Co-operation Agreement of 1980.

If the impasse is not resolved, the EU-Asean talks may be overshadowed by a larger Asia-Europe forum (Asem), which was launched last year and whicb includes China, Japan and South Korea.

Indonesia, criticised for human rights abuses in East Timor, a former Portuguese colony which Jakarta took by force in 1975, blamed Portugal for wrecking the "new-generation" agreement. Lisbon said it did not object to a new treaty but insisted it include a clause on buman rights.

Some EU officials suggested privately that to keep the EU-Asean process from becoming totally irrelevant, the EU must drop its insistence on a human rights clause, the cause of intense irritation in south-east Asia.

The impasse is complicated by the entry into Asean later this year of Burma, whose military government has been widely condemned in Europe for its supression of a democracy movement led by Ms Aung San Suu Kyi.

Asean officials said before their two-day meeting in Singapore that a new "Action Plan" setting out concrete steps on economic co-operation would be attainable. But no sucb plan is to be announced, officials said.

Instead, a joint declaration to be announced today does not provide any specifics, saying only that action will be taken "to consolidate, deepen and diversify EU-Asean relations in a dynamic manner".

Officials warned that if the EU-Asean process could not address the economic agenda, it could be in danger of *being marginalised* by Asem, which holds its first foreign ministers' meeting on Saturday and which has several clear commercial objectives.

Part of Asean's *raison d'être* is to be s powerful Asian voice independent of China and Japan.

Defection muddies Korean waters

Already delicate diplomacy takes a further knock, write Peter Montagnon and John Burton

Understanding North Korea's secretive and authoritarian regime, difficult enough at the best of times, has been made all the harder with the defection of one of the country's most senior officials.

The defection of Mr Hwang Jang-yop, the ruling party's secretary for foreign affairs, comes at a sensitive time for North Korea's relations with the outside world. The country is under pressure to attend a preliminary briefing on proposals for four-power talks with South Korea, China and the US aimed at reducing tension on the Korean peninsula and replacing the 43-year armistice with something more permanent.

The chances for a diplomatic breakthrough appeared strong two months ago after the North offered an apology for a submarine incursion into Sonth Korean waters last yaar. But Mr Hwang's defection has set back hopes that the talks will take place.

Diplomatic maze: onitside the Sonth Korean consulate in Beijing yesterday Reuter

Inter-Korean relations are once more at freezing point. The two sides yesterday were squabbling over the fate of Mr Hwang, who is hiding in the South Korean embassy in Beijing. Pyongyang claimed Mr Hwang had been kidnapped and warned of retaliation if he was not returned to the North.

Mr Hwang's defection also suggests that the prospect of talks was already in trouble because of differences in the North Korean regime on bow to handle the proposal. Moderate elements, of which Mr Hwang was believed to be one, appeared to bave failed to persuade their hawkish colleagues to come to the negotiating table in return for food aid to the country's starving population.

If China allows Mr Hwang to travel to Seoul it will strengthen the view that no foreign power, including its once-close communist ally, can be trusted.

Even before the defection, there was a sense of bewilderment in Washington about the North's on-off attitude to security talks. Pyongyang at first agreed to atteod the briefing in New York on the four-party proposal earlier this month, but then changed its mind.

It blamed the failure to conclude a barter agreement with Cargill, the US commodity house, for the shipment of 500,000 tonnes of grain.

At first US officials interpreted the rebuff as another attempt by Pyongyang to gain leverage and obtain more food supplies and other concessions. "They are very short of food, but they also play a weak hand very well," said one official.

South Korean President Kim Yonng-sam yesterday rejected an offer hy tha prime minister to assume responsibility for the Hanbo Steel loan scandal by resigning. Prosecutors yesterday arrested several more politicans including tha former home affairs minister, who resigned on Wednesday, as well as senior MPs on charges that they received bribes from Hanbo, which went bankrupt last month.

The belief in Washington was that North Korea had no choice but to attend the talks since it desperataly needed aid.

Now that view may have to be revised. The Cargill affair and the defection may mean that the hawkiah school, dominated by the military responsible for the submarine incursion, still has the upper hand.

Mr Selig Harrison of the Wilson Center research institute says the position of Pyongyang's moderates has been weakened by the failure of the US to live up to what the North Koreans see as its side of the bargain. In 1994 the US had pledged to ease trade restrictions after a deal whereby Pyongyang agreed to freeze its nuclear programme, Mr Harrison says. In the event Republican victory in congressional elections meant no easing was possible.

Pyongyang saw the failure of the Cargill deal as another hrokan pledge. "They're seething that they're giving concesslons and getting nothing in return," he says. Washington would achieve more by easing trade restrictions.

In contrast, Mr Bill Taylor, a atrategic expert at the CSIS institute and one of few Americans to have met former President Kim Il-sung, says Pyongyang is just committed to a strategy of brinkmanship. "North Korea believes the Clinton administration can be bad, that brinkmanship has worked every time in the past and can continue to work."

An important precedent was the 1994 nuclear agreement whereby Pyongyang received pledges of foreign oil supplies while a consortium led by the US, Japan and South Korea installed a "safe" nuclear generating capacity on highly concessional terms.

The US and its allies are vulnerable to such brinkmanship because Seoul is inadeqnately defended against missile attack, Mr Taylor says. North Korea could not win a war on the peninsula, but it could destroy Seoul in a matter of days. The correct approach, he says, is thus to stop making concassions and strengthen Seoul's defences.

If tha talks do ever get undar way, they can be expected to move very slowly, with Pyongyang springing a few more surprises on the way.

Bolger aims to keep grip on power

By Peter Montagnon in Wellington

Mr Jim Bolger, New Zealand's prime minister, has signalled his intention to keep a firm grip on the leadership of the centre-right coalition government formed hy his National party with the natinnalist New Zealand First party.

It was "not just unlikely, bnt extremely unlikely" that National would ever cede the premiership to NZF, the coalition's junior party, he said in an interview. The coalition was formed after the country's first elections under proportional representation in October. "The larger party by just about every historical precedent provides the leader of the government," he said.

His remarks, the most explicit yet, may scotch speculation among opposition politicians that Mr Winston Peters, the flamboyant NZF leader, who held the balance of power after the elections, will use a planned cabinet reshuffle to claim the premiership for himself.

But they also point to possible later leadership rivalries between men whose relationship has been acrimonious in tha past.

Mr Peters, treasurer and deputy prime minister in the coalition government, is widely assumed to harbour ambitions of becoming prime minister and has softened much of his nationalist anti-immigration rhetoric since entering the coalition.

He founded NZF after heing expelled from the National party cabinet in 1991 following a long dispute with the leadership over economic policy, and said before tha election that he could not form a government with National's leaders.

Mr Bolger is thought to want to retain the premiership at least until 1999, when New Zealand is scheduled to host the summit of the Asia-Pacific Economic Co-operation (Apec) forum.

NEWS: INTERNATIONAL

Turkmenistan belatedly joins the queue for oil and gas investment

Central Asian republic strives to live down a bad start, writes Robert Corzine

Turkmenistan wants to come in from the cold. Five years after reluctantly accepting independence from the former Soviet Union, it is hoping to catch up with other energy-rich states in the Caspian Sea region in the race to attract large-scale foreign investment as a way to kick-start market reforms.

Last month the government signed a memorandum of understanding to begin detailed negotiations on the handover of much of the country's western oil fields to an Anglo-US consortium made up of Monument Oil & Cas of the UK and Mobil Oil. Later this year it plans to offer large tracts of its offshore acreage to international oil companies.

In recent years Turkmenistan, which depends on oil and gas for 80 per cent of its revenues, has watched foreign oil companies flock to Kazakhstan and Azerbaijan, while its initial contacts with international companies turned sour.

A strategic joint venture with Bridas, the Argentine oil group that is the country's largest foreign investor, deteriorated into a bitter and complex contractual wrangle that has been referred to international arbitration.

"We originally concluded a number of damaging contracts," says Mr Batyr Sardzhayev, the deputy prime ministar. "These have caused huge damage to our international reputation."

He accepts that some of the problems were of their own making but says the next generation of oil and gas agreements will be more transparent: "We want to do everything properly to avoid making more mistakes."

Legislation to create production sharing agreements, the standard international formula for oil and gas investments, is being drafted.

Although Turkmenistan bolds the world's fourth largest reserves of natural gas, Mobil and Monument will focus on boosting oil production by 10m tonnes a year. The aim is to increase oil output to the point where it would justify the construction of new export routes through neighbouring Iran, Kazakhstan, and perhaps Azerbaijan via tanker across the Caspian.

The complex and fluid geopolitical situation in the Caspian requires at least three outlets, say western oilmen.

But gas, which is a more difficult commodity to find a ready market for, is also a priority. At first, Turkmenistan plans to link its western and eastern gas fields to the Iranian domestic system, which Turkmen officials say is short of gas. The western line is currently under construction. The eastern outlet would require only a 60km line to he huilt from the giant Sovietabad gas field in eastern Turkmenistan to Mashhad in Iran.

> 'We want to do everything properly to avoid making more mistakes'

The links to Iran will form the base for more ambitious plans to sell gas to Turkey, and perbaps eventually to western Europe through a line that would bypass Russia, which has restricted Turkmen gas exports in recent years.

Turkmenistan exports 40bn cu m of gas to former Soviet republics such as Ukraine and Georgia and to eastern Europe. It is supposed to receive $42 per 1,000 cu m delivered to the Uzbek border, but the payment record of the Commonwealth of Independent States members has been patchy at best.

Aside from Turkey and western Europe, it is the markets of the east that hold the most allure, say officials. A proposed gas pipeline to Pakistan and India via Afghanistan is under study by Unocal of the US and Delta of Saudi Arabia, although Bridas is suing Unocal, claiming that it has the exclusive right to negotiate a deal with the Afghans.

World Bank officials say the economics are "very attractive. It's the politics that are a problem."

All the warring factions in Afghanistan support tbe project. Turkmen officials, however, admit that the Afghans have yet to be convinced that the pipeline could be an instrument with whicb to build an enduring peace. "They all dream about using the revenues to buy more weapons," concedes Mr Boris Shikhmuradov, the foreign minister.

Western diplomats hope the flurry of activity on the energy front will be a prelude to more extensive domestic reforms. Officials admit that Turkmenistan has been slow to adopt market and democratic reforms that are now commonplace in other former Soviet republics. But they say the slow pace stems not so much from a desire to maintain the old Soviet system, as from a strategic need to hold together one of the most economically neglected of the former Soviet republics.

Last month President Saparmurat Niyazov, who has beeo criticised for having indulged in an extensive building programme of presidential palaces and retreats while some parts of Ashgabat are still without running water, said he was committed to accelersting market reforms.

"We need to change public thinking on the economy and to change attitudes," he said. "Change will be accelerated."

There are some signs he means it. Last year be set up a special agency to accelerate inward investment projects which had been languishing in ministerial in-trays.

Senior officials such as Mr Sardzhayev speak optimistically of the first steps towards privatisation in the agricultural sector and the prospects to develop more industries to process the country's raw materials, such as cotton.

A hig test for Turkmenistan, however, will be how the money earned from the next set of energy projects is used. Some diplomats fear the oil wealth might cause the *government* to put off economic and political reforms. "Or maybe the president will just build more palaces," said one.

Turkmenistan: looking ahead

	1995	2002
Population (m)	4.5	5.3
GNP* ($bn)	11.9	31.3
GNP*/Head ($)	2,870	5,900
Electricity (bn kwh)	11.2	19.3
Natural Gas (bn m³)	43	120
Cotton ('000 tons)	1,500	2,000
Exports ($bn)	2.1	7.0
Imports ($bn)	1.6	5.5

Source: State Committee for Forecasting and Statistics, 10-year Development Programme, World Bank and IBS. *Purchasing Power Parity

UN chief wants a woman deputy

By Michael Littlejohns, UN Correspondent, in New York

Mr Kofi Annan, UN secretary-genaral, wants to name a woman deputy and has discussed the question with Ms Gro Harlem Brundtland, the former prime minister of Norway.

But be said yesterday he must first seek General Assembly authorisation and funding for the post, an innovation sought by the US in its drive for UN reforms.

"Ideally, I would want to be able to offer the post by the autumn of this year," he said. There could not be a formal candidate for it before terms were approved, but he had already talked to Ms Brundtland, "whom I respect very much".

Mr Annan's first top-level appointments last month were criticised because he held over most of those who served his predecessor, Mr Boutros Boutros Ghali. Also, only two of the 187 appointees are women, though he has often spoken out for "gender parity".

Naming a woman deputy who would have across-the-board responsibilities and be in charge when he was away would go far to address the complaints. At his first New York press conferenca sinca assuming office, Mr Annan acknowledged some officials falt UN reform had not moved fast anough in his first five weeks.

To a response by Mr Sergey Lavrov, the Russian ambassador, that Cod needed less time to creats the earth, Mr Annan said the Almighty worked alone and was not answerable to 185 member countries.

He reaffirmed his commitments to a more effective organisation and stressed his task would be less difficult if members, including the US, met all their financial obligations to the UN.

He had tried to reduce UN paperwork by ordering a 25 per cent cut in Security Council and General Assembly documentation.

Nigerians given opportunity to buy into national debt

By Antony Goldman in Lagos

Nigerian investors will be invited to buy into the country's $2bn commercial debt through the local market for the first time on Monday.

While the initial offer hy the Nigerian International Debt Fund is a modest $16.5m, brokers say interest has been encouraging and could prompt further issues of up to $100m.

The fund, supported by local institutions and Citibank UK, is aimed mainly at pension funds and insurance companies looking for a dollar-linked investment providing protection against local currency fluctuations.

The stock exchange is also excited about the creation, in effect, of a long-term bond market and the prospect of increased capitalisation. "Interest has been overwhelmingly positive," says Mr Philip Ihenscho of London-based Afrinvest Securities, the fund's international adviser. "The government is also keen because of tbe symbolic value of moving towards the securitising of national debt locally."

Nigerian debt is not, bowever, tbe bargain it once was. "It is a good idea," concedes one merchant banker in Lagos "and very innovative. But with par bonds now trading at 65c on the dollar, this fund may perhaps be a little late to be truly attractive."

It has taken the fund's managers, Securities Transactions and Trust Company (Stetco) a year to win approval from the regulatory authorities involved: the Central Bank of Nigeria, the Joint Tax Board, the Securities Exchange Commission and the Nigerian Stock Exchange.

"It is a little frustrating" explained Mr Godwin Obaseki of Stetco, "because in that time alone the yield on Nigerian par bonds bas dropped from 14 to 10 per cent."

The fund will issue a bond broken down into $1,000 investment notes purchased in naira, the local currency.

"What makes this appealing to the local market," says Mr Ihenacbo, "is that investors can quite legally gain access to dollar-linked returns, wbile the central bank can also be sure the device will not be exploited as a means of capital flight and foreign exchange abuse."

The director-general of the stock exchange, Mr Hayford Alile, has described the scheme as "a revolution" in the Nigerian capital market, the first international capital market instrument to be listed on local markets.

While Nigeria has allowed buge arrears to accrue on its bilateral debt – debt which, according to the finance minister, Mr Anthony Ani, stands at around $20bn – the government has been careful to meet all outstanding repayments on its commercial debt.

NIGERIAN DEBT

External debt structure ($m)

Category	Arrears	Balance	Total	% of total
Multilateral*	42	4,623	4,665	16.62
Paris Club	11,072	8,018	19,091	68.04
London Club	0	2,043	2,043	7.28
Promissory notes	0	2,140	2,140	7.63
Non-Paris bilateral	10	111	121	0.43
Total	11,124	16,936	28,060	100.00

*IBRD - $2,837m, EIB - $469m, ADB - $1,359m

Debt service requirement 1997 ($m)

Multilateral	817
Paris Club	3,761
London Club	129
Promissory	234
Non-Paris bilateral	40
Total	4,980

Debt service arrears for 1996 $11,124m. Total expected arrears: $16,104m.

Paris Club debt

	($m)
UK	4,871
Germany	3,762
Japan	2,979
France	2,828
Netherlands	1,182
Italy	1,018
USA	999
Austria	528
Belgium	406
Denmark	215
Switzerland	155
Others*	146
Total	19,087

*Israel, Spain, Norway, Sweden, Finland, Ireland
Debt levels at November 30, 1996
Source: Ministry of Finance, Abuja

RECRUITMENT

Richard Donkin on the different strategies of a firm of accountants and a chemicals group for finding the best employees

Nurture supplements nature

Coopers & Lybrand, the accountants and management consultants, and Courtaulds, the chemicals group, both ahare a commitment to developing the best in their employaes. But recent recruitment initiatives by the two organisations reflect very different approachas: one is unashamedly elitist, the other is determined to spread the net as broadly as it can.

Coopers & Lybrand has introduced a graduate recruitmeot scheme – its international careers programme – designed to lure some of the best graduates from a handful of the world's top universities into a potentially high-flying career.

The programme is this year selecting 20 graduates from five universities: Queen'a in Ontario, HEC school of management in Paris, Erasmus in the Netherlands, Oxford in the UK and Wharton in Pennsylvania. In a search co-ordinated by its offices in the five countries using common selection criteria, the firm aims to find and develop recruits able to amass international accounting and aoditing experience.

All recruits will spend at least three years training and qualifying as professional accountants in a country of their choice, but not where they studied.

The selection procedure is rigorous. Interviews in applicants' home countries are followed by a second selection process, lasting up to four days, in their prospective country base.

"It is vital to our business that we develop a core group of people with real international experience," says Ed Smith, head of strategy in the firm's UK business assuranca arm. "As our work becomes more global, the skills these people will bring will be crucial to the service we offer."

Smith says the firm had been concerned by an annual survey of European business graduates by Universum, a Swedish consultancy, that suggested it did not enjoy a high profile among graduates in Europe. It hopes the programme will highlight its international presence and help attract more good quality graduates to its general intake.

Coopers & Lybrand signs up some 700 graduate trainees a year. "We want graduates to say to themselves that even if they do not go on this programme they may still want to come to the firm because of its strong international mobility culture," says Smith.

Ian du Pré, UK head of recruitment, admits the focus on just five universities might exclude some potential high flyers from elsewhere, but says the firm is keen to build on existing relationships with these universities. He also points out that high flyers would naturally emerge from the rest of the graduate intake.

The Courtaulds' recruitment scheme is much less elitist. It is designed to select and train people from scratch to create a skilled work pool around Courtaulds' new Tencel plant in Grimsby, northern England.

Unusually, short-listed applicants receive skills training before their final selection. This not only allows the company to identify the most promising candidates, but to create an understanding of the business and skills base among some who might be recruited later.

The new approscb was pioneered at Tencel's main manufacturing base in Mobile, Alabama, which successfully linked up with the Alabama State Industry Training Association.

The 250 shortlisted for the UK factory were put through tests. The final shortlist of 140 have since been atteoding two four-bour classes a week on subjects including computer skills, process control, and healtb and safety. The 96 bours of training are unpaid and do not guarantee a job, but the unsuccessful candidates will have secured training that might be useful later.

While the two schemes have different approaches and aims, they share a refreshingly high level of commitment to employee developmeot and training. They also demonstrate thst the two employers are confident enough to experiment with new ideas. Because of this, both employers are sending out positive signals to potential recruits.

Salaries bonuses and car allowances in City of London finance

Position	Base salary: Lower quartile £	Base salary: Median quartile £	Base salary: Upper quartile £	Average salary: Salary £	Average salary: Bonus %	Car provision/allowance: With car %	Car provision/allowance: Value %	Car provision/allowance: Annual allowance £
Corporate finance head	105,000	118,000	160,000	128,200	64.5	100	24,000	8,100
Capital markets head	124,500	150,000	171,500	149,500	59.5	89	29,100	9,800
Bond sales head	90,000	95,100	110,500	101,000	64.5	82	21,800	6,500
Fund management director	103,800	120,500	151,400	131,200	41.6	100	22,500	7,500
Future & options head	84,800	105,000	180,000	133,300	87.1	89	22,000	7,100
Eurobond trading head	97,500	125,000	147,800	122,500	42.0	71	26,100	7,300
Equity trading head	96,700	109,100	142,500	116,800	86.8	25	n/a	8,800
Private banking head	83,000	100,000	111,400	101,200	22.5	71	16,700	7,100
Head of research	101,000	105,000	114,500	110,400	26.1	100	24,000	7,500
Financial director	704,500	83,000	93,800	83,900	39.7	90	25,300	7,800
Chief FX dealer	88,500	90,000	113,500	90,700	18.5	82	19,200	6,300
Legal services head	60,000	72,900	78,000	74,000	24.1	95	21,100	6,700
Personnel director	74,700	85,000	90,800	85,900	58.8	84	30,500	7,900
Money market head	60,200	72,000	83,000	73,500	38.2	77	18,800	6,100
DP director	60,500	70,000	77,000	70,900	26.11	76	22,400	6,800
Credit manager	40,700	44,000	49,500	44,900	9.0	69	18,600	5,000
Customer services head	27,500	29,800	34,300	31,500	7.5	44	15,400	5,500

Source: Monks Partnership

City salaries

Monks Partnership, the pay consultancy which provided the data for the table above, says an upturn in recruitment among the investment banks is likely to lead to pressure on base salaries beyond the 5 per cent increases it had been predicting for the year.

Growth beyond the ever-increasing demand for good dealers and traders is reported in structured finance, risk management, product development and futures and options.

Joe Clark, who compiles the information, says that many personnel staff are trying to restructure bonus schemes. The idea is to maintain results without encouraging individuals to take undue risks. The idea seems laudable, but will it work?

The table is drawn from the Monks Partnership quarterly survey of pay and benefits in City of London banks, £290, from Monks Partnership, The Mill House, Wendens Ambo, Saffron Essex CB11 4JX, UK. Tel 44 1799 542222

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- Δυνατό υπόβαθρο σε ποσοτικές μεθόδους
- Ικανότητες καθοδηγήσεως και εκπαιδεύσεως των Dealers του desk

ΣΤΕΛΕΧΟΣ ΣΧΕΔΙΑΣΜΟΥ ΠΡΟΙΟΝΤΩΝ (ΚΩΔ ΔΔΔ 03/97)

Υπεύθυνος για τη σύλληψη και ανάπτυξη νέων χρηματοοικονομικών προϊόντων. Προσόντα:
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Για όλους τους παραπάνω υποψηφίους:
- τουλάχιστον 5ετής προϋπηρεσία σε Dealing Room στους αντίστοιχους τομείς είναι απαραίτητη και
- εμπειρίο ασκήσεως σχετικών καθηκόντων από θέση εποπτείας θα εκτιμηθεί.

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Άπταιστη γνώση της αγγλικής. Η ευχέρεια επικοινωνίας σε τουλάχιστον μία ακόμη από τις γλώσσες εργασίας της Ευρωπαϊκής Ενώσεως θα ληφθεί υπόψη.

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- Δυναμικό περιβάλλον εργασίας σε μία Τράπεζα που λειτουργεί ως Market Maker επί όλων των δραχμικών προϊόντων στην ελληνική και διεθνή αγορά
- Άριστη τεχνολογική υποδομή
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Παρακαλούμε στείλτε βιογραφικό σημείωμα, με φωτογραφία, και συνοδευτική επιστολή στην οποία να αναφέρετε τον κωδικό θέσεως, μέχρι 28/02/97.

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Candidates should send their application, together with a recent photograph and references, to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland, quoting the reference number 97339.

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- will have experience of market analysis, a knowledge of CEE trade agreements, and exposure to foreign trade transactions.

To apply, please post or fax your full curriculum vitae, including details of current remuneration, to either Richard Lyons or Sean Carr. Applications will only be forwarded to this client. Please indicate clearly any organisation to which your details should not be sent.

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By the year 2020, the business world will be a very different place. For the first time since the industrial revolution, the OECD countries will account for less than half of the world's economic output. Huge population growth in Asia will open up new markets, while stasis in Europe and North America will force companies to rationalise their activities to achieve economies of scale and to protect margins. Improved communications and distribution channels are already bringing down barriers to trade. At the same time, increasingly sophisticated customers are forcing companies to work harder for brand loyalty.

Financial management processes and practices will need to change radically if companies are to survive. Commentators predict that over half of the companies in today's Fortune 500 will disappear from the list within two decades. It's not just a question of becoming more efficient, faster or even smarter. Multinational corporations need to change the way they do business, with financial management changing from a book-keeping model to pro-active decision support, based on strategic business advocacy. Success will demand courage and vision, and one firm is leading the way.

Working closely with the CEOs and CFOs of multinational corporations, Price Waterhouse is offering the new skills, structures and technologies that will transform the way big businesses approach their markets.

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We are looking for highly accomplished professionals who understand - and are excited by - the major financial management issues facing large companies.

You must be finance-trained (almost certainly a qualified accountant) with an impressive track record of process development and re-engineering activity within large enterprises. Specific experience should include benchmarking, process analysis, transaction accounting or shared services/outsourcing.

We guarantee a quality and diversity of experience that will give you job satisfaction and continuing personal growth. Our substantial investment in training and development will keep your knowledge and expertise at the cutting edge of management thinking; there is excellent scope for promotion into management and senior operating roles. Salaries will be in the range £40,000 - £70,000 and will be supported by our innovative, flexible benefits package.

Please write with a detailed CV, quoting reference 7614B, to our retained consultant David Brownlow, Huntswood Associates, Castle Hill House, Castle Hill, Windsor, Berkshire SL4 1PD. Telephone: 01753 855200 or out of office hours 01628 777256. brownlow@huntswood.co.uk

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THE ROLE

- Responsible to the Managing Director - International for establishing the finance functions and disciplines, also accountable for other administrative duties, including human resources and facilities management.
- Manage a team of functional reports providing effective forecasting, budgeting, management control and reporting, including US GAAP, local tax and treasury.
- Key member of executive team advising on financial structures for expansion opportunities and managing external financial and legal expertise.

THE QUALIFICATIONS

- Qualified accountant, likely to be over 30, with excellent financial skills, gained in a technology, publishing, software, broadcast or interactive media business. US reporting and pan-European experience a distinct advantage.
- Experience of contributing to detailed contractual negotiations and of forecasting, budgeting and investment appraisals.
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THE ROLE

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THE QUALIFICATIONS

- Graduate Accountant, aged late 30s+, with operating company board experience within a global Group and financial reporting and corporate development expertise, particularly joint ventures.
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- systems reviews, looking at controls and business processes
- driving change and process optimisation

Candidates could have a range of financial expertise, but in all cases an MBA or recognised finance qualification and at least two years' relevant experience - either in an international business, major consulting firm or Big 6 accountancy practice - is essential. Fluency in German and English is important: experience of US and German GAAP will be useful for some roles. In order to succeed in Coca-Cola's dynamic environment, candidates should be good team players with excellent analytical skills, initiative and drive, able to handle a varied workload in a fast-changing environment.

These are exceptional positions offering exceptional rewards. In a company whose strength is based on strong financial management, these are all high-profile roles reporting at senior levels in the business, providing opportunities for rapid international career development anywhere in Coca-Cola.

To apply, please post or fax a full CV including salary details and quoting ref. 189 to Alderwick Consulting at the address below. For more information telephone (+44) 171 242 9191 (weekdays) or (+44) 1206 262474, (+44) 171 231 8272 (evenings and weekends). Any CV sent direct to Coca-Cola will be forwarded to Alderwick Consulting.

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We will expect you to bring fresh ideas to the development of management reporting and the monitoring and improvement of financial performance; we will also expect you to contribute to the development + implementation of company strategy.

Having operated successfully at Finance Director/Controller level in a modern manufacturing environment, you will be skilled in the financial aspects of supply chain management, in improving business performance and in the disciplines of plc financial reporting.

In return, you can expect very attractive rewards and outstanding potential.

Please write with full career history and details of current salary to our Consultant, Noel Alexander, at Austin Knight UK Limited, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP, quoting ref. LR 928. Fax 0121 456 1510.

BURMAH CASTROL

FINANCE DIRECTOR

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North West

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c £70,000 + Car + Benefits

Riverside Housing Association has embraced radical change and innovation in order to pursue its vision to be "The first choice housing partner for Urban Regeneration". Established in 1928, it has a turnover of £50 million and manages around 20,000 properties providing homes for over 50,000 people. Riverside has identified significant opportunities for future growth, incorporating partnerships and mergers. In order to achieve these aims, they seek to strengthen the management team through the appointment of a high calibre Finance Director.

THE POSITION

- Report to the Chief Executive and assume full responsibility for financial management and control.
- Drive the Business and Strategic Planning process, developing models to facilitate effective capital appraisal and optimise the allocation of resources.
- Play a lead role in the raising of private finance through presentations and forming relationships with major institutions.
- Develop and maintain a high profile within the Housing Association movement.

QUALIFICATIONS

- Qualified Accountant with strong technical ability and a proven track record in senior financial management positions in a commercial/private sector environment.
- An innovative and conceptual thinker who can translate broad concepts into practical implications and uses financial information to create pictures.
- Exceptional leadership, motivational and interpersonal skills with high levels of personal energy and drive to contribute within a culture that is ambitious, progressive, team orientated and empowering.

Interested candidates should write, enclosing full career and current salary details to the advising consultant, Stephen Banks, at Questor International Limited, 3 Burlington Gardens, London W1X 1LE, quoting reference 2145. Tel 0171 292 8300. Fax 0171 287 5457. E-mail: Stephen @questorint.com

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International Controller

c. £75,000 **UK Based**

Our client is an international organisation operating in the fast moving consumer goods arena. In six years it has established a global infrastructure of manufacturing, distribution, sales and licensing with present turnover running at $40m.

The company plans a public offering in the US within 24 months and as part of the process of building the support structures for its rapid growth it is seeking an outstanding International Controller who will work closely with the Chief Financial Officer and who's responsibilities will include:

- Ensuring sound accounting policies and practices are laid down and used for the generation of accurate and timely financial statements and management accounts for respective operating units.
- Treasury management, tax and financial planning at group level including currency risk management.
- Preparation of the Group's budget and strategic plan with emphasis on group balance sheet and cash flow forecasting.
- Group corporate statutory secretarial functions.
- Implementation of IT strategy to meet user requirements in all areas of the business.

Candidates will be qualified ACA's with a minimum of 7 years' PQE gained ideally in a decentralised international environment. They will necessarily display all of the technical, accounting and financing skills as well as a highly proactive commercial approach, integrity and the ability to make a significant contribution, at a strategic level, to the performance and profitability of the company. They will be ready to travel widely and should demonstrate the interpersonal skills to communicate easily and authoritatively in disparate environments.

If you believe you have the necessary attributes and skills for this uniquely challenging position, then please send an up-to-date curriculum vitae, including your current salary details, to the advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH, England. (Tel: +44 (0) 171 333 0033, Fax: +44 (0) 171 333 0032.) Please quote reference number HNF172FT. You may also apply via http://taps.com/Harvey_Nash

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Assistant Financial Controller – Europe

London, W1 **£38-45,000 + Car + Bens**

Our client is an international market leader with subsidiaries throughout the world and a European operation with a revenue of $1 billion.

Having completed a period of rationalisation, they are poised to embark on an impressive phase of expansion through acquisition.

They need to strengthen their European finance function by recruiting a high calibre Deputy reporting to the European Financial Controller.

The individual will be a key member of the executive team which is responsible for the operating performance and development of Europe. He/she will play a vital role in providing financial and risk management advice to the country Financial Controllers including financial, accounting and investment decision making support.

He/she will also perform a pivotal role in ensuring the success of a number of ad-hoc projects ranging from Treasury management through to the successful implementation of a pan-European accounting system. This will require some European travel.

You will be an ACA 'Big 6' trained (aged ideally between 27-33) with a number of years post qualified experience gained within an international 'blue-chip' environment. You will have drive, enthusiasm for change, commercial flair and a highly motivated approach.

With this superb opportunity, the company also offers an unrivalled international career path for the future.

If you feel ready to meet this challenge, then forward a curriculum vitae to our retained consultant Laurence Pengelly at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 0171 242 3578.

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We anticipate the successful candidate will be a Chartered or Certified Accountant with having had in the region of 8 years audit experience, preferably with larger firms. Good communication skills and computer literacy required. Ability to speak Chinese will be an advantage but is not essential.

Attractive salary with fringe benefits will be offered to the right candidate. (Circa GBP50,000)

Please write with CV and full personal details to:

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Our client, a major multinational manufacturing group (T/O in excess of £6bn) with extensive operations in Europe, is seeking to appoint e European Audit Manager, based in Brussels, heading a small team.

The managament philosophy is one of decentralised accountability to tha operating units within an environment of strong financial control. Tha Audit function plays e key role in enalysing problem areas end mora importantly in pro-actively recommending improvements.

Tha role will involve significant travel within Europe – particularly Garmany and France – and fluency in English, German and French is essential.

Candidates, most likely under 40 years of age, will be graduates end ACA qualified. Professionally trained in e demanding environment, probably by one of tha 'Big 6', they will have 3/5 years' experience of finance or audit of manufecturing operations. Exceptional presentational skills – written end verbal – are essantial.

Career opportunities in Europe are excellent – with the possibility of moving into senior operational finance end lina menagement eppointments.

An excellent package will include fully expensed car and other benefits.

Please reply in writing including your curriculum vitae, in English to:

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Group Finance Director

Branded Consumer Products

c.£60,000 + Bonus **West Midlands**

Challenging, key role influencing the development of this well-regarded organisation about to enter exciting growth phase. Exceptional opportunities for personal and corporate development.

THE COMPANY

- Well-established, marketing-led manufacturer. Excellent brand name with powerful heritage. Impressive customer portfolio.
- Privately-owned, profitable, ambitious. T/O £21 million. Keen to diversify. Sells to UK and export markets and through wholly-owned US subsidiary.
- Impressive Board and senior management team. Committed to investment and training.

THE POSITION

- Key Board member. Responsible for quality, content and timely production of financial and management information.
- Maintain rigorous cash management and cootrol. Advise on financial impact of decisions. Ensure integrity of budgets and forecasts.
- Input into all strategic business issues. Play key role in acquisition due diligence.

QUALIFICATIONS

- Qualified accountant with top-level financial control experience gained in dynamic manufacturing environment. Exposure to working with non-executive directors.
- Able to contribute across all functional areas. Ideally, acquisitions experience. Strong on budgeting, forecasting, analysis and commentary.
- Strategic thinker with exceptional drive, tenacity and communication skills, supported by rigorous financial discipline. Stature, credibility end confidence. Outgoing nature.

Please send full cv, stating salary, ref BI70112, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB

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As a result of internal promotions the company wishes to recruit a number of high calibre recently qualified accountants (or European and US equivalent) and Manufacturing Systems Analysts. Because the team has a global brief candidates may operate from locations accessible to Detroit, Paris, Hong Kong or Birmingham (UK). Assignments of 2 to 3 weeks duration may be based in any of over 30 countries.

Your role will have an operational focus. In addition to financial risk, assignments will examine the key business processes including strategic sourcing and purchasing, and manufacturing and supply chain management. This is clearly a very exciting time to join the team, with the merger creating significant new opportunities.

The ideal candidates will have a strong (Top 6) audit and/or manufacturing systems background. Preference will be given to suitably qualified candidates who demonstrate effective communication skills, and the ability to add value to the total business process. *Candidates must be fluent in English; a second language capability* (particularly Spanish, French or Mandarin) would be an additional advantage.

LucasVarity Audit has an excellent track record of career development: the people they appoint must have the clear potential to move into line roles within a two year period.

*Interested candidates should contact **Stephen Stringer** or **Stephen Randall** at **Harrison Willis, Grosvenor House, 14 Bennetts Hill, Birmingham B2 5RS, United Kingdom.***
Any applications sent direct to LucasVarity will be forwarded to Harrison Willis.
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Finance Controller

INTERNATIONAL TRADING

- This is e key position in the European office of a fast growing major international trading company, working with their European branch offices.
- Reporting to the Financial and Administration Director and supported by a small team, you will be responsible for Accounting, Taxation, Finance, Foreign Exchange and aspects of Sales Administration.
- You will have e proven record of achievement in your career to date which will include foreign trade and managed currency accounting preferably in a trading company.
- Probably aged 30-40, you will be a commercially minded qualified accountant, analytical and computer literate with strong communication skills, a working knowledge of forex management and cash flow requirement forecasting as well as having previous audit experience.
- A hands-on flexible but responsible approach with an eye for detail will suit the client company culture and the position provides opportunities for further career enhancement during an exciting period of development.

Please forward in absolute confidence full career and salary details to:
Jim Ranger, 2 Stratford Place, London W1N 9AE
Fax: 01438 861175.

London West End

c.£40,000
plus benefits

European Audit Manager

– Vice President –

Risk based business review

Frankfurt **circa DM 250,000**

Our client is a premier global integrated securities house with an excellent reputation in sales and trading, capital markets and investment banking. As part of a new strategy for the European audit function, a high calibre, experienced individual is now required to manage the delivery of an audit and controls advisory service in Frankfurt and continental Europe.

Based in Frankfurt and reporting directly to the Director of European Audit, the individual will be performing an important role as part of the European Audit Management team. They will be working to assess the risks facing the firm's sales, trading, accounting and operational functions as well as reviewing, evaluating and advising on the need for effective internal control.

This is a key appointment requiring strong organisational skills, an inquisitive and tenacious attitude, and a positive, proactive approach to the identification and resolution of business issues.

Candidates should have substantial experience (at least eight years') in either line management or audit within the securities/financial services industry, or within an accounting firm having specialised in financial services. It is likely that they will be qualified accountants or possess a business or risk management qualification.

The ideal candidate will have a good knowledge of investment banking products and an understanding of technology based control issues and German and US GAAP. Strong communication and relationship building skills are a prerequisite as is the ability to manage a small team. It is essential that the candidate is fluent in both English and German.

Interested candidates should forward their curriculum vitae to Sarah Hunt at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, telephone +44 1 71 269 2339, fax +44 1 71 405 9649.

Alternatively, they may forward their curriculum vitae to Harold Heil at Michael Page Deutschland, Mainzer Landstrasse 39, 60329 Frankfurt, telephone +49 69 2426 180, fax +49 69 2426 1818.

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QUANTITATIVE ANALYST – GLOBAL EQUITY DERIVATIVES
COMPETITIVE REMUNERATION PACKAGE – LONDON

A quantitative analyst is required for the Global Equity Derivatives desk in London to provide support in terms of risk management and marketing of equity derivative products to a European client base.

The role involves modelling: the creation of mathematical models to simulate equity derivative positions and transactions for the purpose of pricing and hedging using quantitative and numerical methods.

The ideal candidate must have gained a relevant academic qualification (i.e. Mathematics/Physics) to PhD level or equivalent and possess a thorough understanding of stochastic modelling methods through either experience gained as a Quantitative Analyst or specific research undertaken in this field.

Please reply to Box No. A5177 The Financial Times, 1 Southwark Bridge, London SE1 9HZ enclosing a full Curriculum Vitae.

CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Opportunity to work alongside a highly regarded European Director with prospects of managing funds in 12-18 months

EUROPEAN EQUITIES
ASSISTANT FUND MANAGER/ANALYST

CREDIT SUISSE | ASSET MANAGEMENT

CITY **COMPETITIVE PACKAGE**

Credit Suisse Asset Management has $30bn of top performing funds under management and their distinct investment style and philosophy combine a wide-ranging analytical approach to economic and market trends with detailed investigation of individual securities. The European regional and country specific funds are consistently ranked in the top quartile and funds under management are growing rapidly. This new position is an exceptional opportunity to join Petricia Maxwell-Arnot as a fifth member of her team. We invite applications from numerate candidates with a good degree from a leading university end 1-2 years' investment or research training with a leading institution. IIMR or steps towards it are expected. A second European language, computer literacy and good presentation skills are essential. We seek an individual with high intellectual capacity and meticulous attention to detail. An excellent remuneration package will be negotiable and salary will not be a barrier to recruiting the right individual.
Applications in strict confidence under reference EEA6047/FT to the Managing Director, CJA.

FINANCIAL CONTROLLER

West Midlands **C. £35,000 + Significant Bonus Potential**

Our client is the European manufacturing operation of a US corporation supplying climate control products to a world-wide customer base. A rapid increase in sales over the recent past, particularly on major contracts to the growing computer, electronics, telecoms and associated industries, is set to climb further. Strong financial management is seen as essential to underpin the envisaged expansion.

Reporting to the Managing Director you will bear sole responsibility for the finance function. Key challenges will be to provide prompt and accurate financial reporting – both locally and to Corporate, improve operational and strategic planning procedures and strengthen internal controls and reporting disciplines, and manage a small accounts team with a "hands-on" approach.

You should be a young qualified accountant with at least five years pqe, IT literate, with previous financial management experience gained within manufacturing organisations. Excellent forecasting, planning, reporting and cost skills are essential. Good communication, team orientation and a meticulous nature are required. Prospects are excellent for a committed individual and the comprehensive remuneration package will be designed to reward success.

Interested applicants should send a full c.v. including current salary and daytime telephone number to Phillip Price ACA or Andrew Guy quoting reference 3116 at Deloitte & Touche, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN.

Deloitte & Touche

MANAGEMENT ADVISORY SERVICES

INTERNATIONAL AUDIT/PROJECTS

Manchester **Competitive Package**

A diversified, US multi-national Fortune 250 corporation is seeking to fill a number of high exposure, operational audit positions in its European office located in the Manchester area. Due to recent promotions/rotations of audit professionals into the company's operations, recent growth and acquisitions,the company is looking for top performing audit professionals, at the manager, senior and staff levels.

Opportunities include axposure to tha company's business, senior level managemant and a primary focus on operations in Europe, including participation in strategic special projects. The career track targets rotation into financial management positions within 2 - 3 years. Interested individuals will also be axposed to businesses in the US and Asia.

Ideal candidates will be newly qualified - 5 years post qualified, have professional audit axperience within a Big 6 firm and/or a Fortuna 500 company. Experience of a manufacturing environment and/or proficiency in a European language are a plus. Expectations include the ability to intaract effectively with business leadars, use sound business judgement in the practical application of accounting principles and corporate policies, and the ability to be an effective leader.

Please forward your CV to **Benjamin Drake**, Douglas Llambias Associates PLC, 10 Bedford Street, London WC2E 9HE. Telephone 0171 420 8000, Fax 0171 379 4820, E-mail: info@llambias.co.uk
Web site: http://www.llambias.co.uk

DLA DOUGLAS LLAMBIAS ASSOCIATES
RECRUITMENT CONSULTANTS DLA

GROUP FINANCE DIRECTOR

FINANCIAL SERVICES

CITY **£FLEXIBLE, INITIAL INDICATOR £75,000**

- New pivotal role. Leading provider of insurance services experiencing rapid growth and an expanding international client base. A major success story since its formatioo in 1993. Core business within a well-regarded group. Young, entrepreneurial and refreshing non-hierarchical culture. Exceptional prospects.
- Highly commercial role designed to strengthen the senior team and provide strong authoritative leadership across all financial management matters. Substantial business development brief including joint ventures, acquisitions and evaluation of strategic options.
- Further key tasks will include refining planning processes, develop business driven controls and systems, and act as an effective sounding board for senior colleagues.
- Need is for a bright, commercially astute finance professional to help steer and shape the future corporate direction. A Chartered Accountant with experience gained in the London insurance market, financial services or at a senior level within the financial services functioo of a leading accountancy firm.
- Demonstrable record of enhancing company performance is essential. Business development mentality, ideally with substantial exposure to mergers and acquisitions, joint venture activities or similar.
- Proven negotiator, decisive manner, persuasive but not inflexible. Strong implementation skills. Energetic and proactive. Thrives on change and new challenges. Comfortable operating in an informal, yet highly professional environment.

Please apply in writing quoting reference 1340
with full career and salary details to:
Phil Bainbridge
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A Whitehead Mann Group PLC company

Head of Finance
London Market Underwriter

City – c.£50,000 + Car

- *Our client is a well established and successful aviation market underwriter, with premium income of £100m and employing 35 staff.*
- *An interesting opportunity has arisen for a Head of Finance to join the management team and manage a small finance function with an emphasis on developing pertinent management information with which to aid the development of the business. An initial key task will be to review the accounting systems, ensuring that best use of IT is made wherever possible.*
- *Candidates should be computer literate qualified accountants, already operating at a senior level within the ILU/Lloyds market. Key skills sought are strong staff management experience, the commitment to operate at both a hands-on and strategic level, and the ability to communicate easily throughout the company. Experience of implementing IT systems would be useful but is not essential.*

Please send your curriculum vitae, including remuneration, to Carrie Andrews, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference CA0096.

ERNST & YOUNG
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Basingstoke **to £55k + Excellent Benefits Package**

FINANCIAL CONTROLLER

European Information Management Solutions

As the rapidly growing UK and European subsidiary of a successful US technology services company, concentrating on the utilities and manufacturing markets, our client specialises in advanced application software products and services. Established 3 years ago in the UK, they are targeting the utilities and manufacturing sectors and have already achieved considerable success in this market, by securing a number of contracts with leading UK utilities companies; as part of clear growth plans, significant contracts have also been won in Europe.

A need has arisen for a Financial Controller to continue the development of the finance function for the UK and European operations. Following the successful implementation of key accounting systems and processes, and the migration of the reporting systems from the US to this autonomous subsidiary, the immediate task will be the continued development and roll out of the finance function and the establishment of a management information system. As a key member of the management team, you will take full responsibility for all aspects of the finance function including financial accounting, management reporting, planning, forecasting and budgeting and you will liaise extensively with the US.

Reporting to the European Managing Director and also into the US, you will provide strong financial guidance and take an active role in contributing to the strategic direction of this young, sales and service driven organisation.

A qualified accountant with experience of US GAPP work, you are likely to have worked in a complex project environment; holding accountability and responsibility for the full financial administration function and a small team. With a strong business orientation, ideally to include an exposure to general IT, you will be ambitious, entrepreneurial in approach and comfortable in a client-facing role.

If you are interested in this opportunity to manage and refine the finance function in a dynamic and team-orientated environment, then please fax or send your CV, quoting reference number 623701A, salary details and a daytime telephone number, to the advising consultants, Goodman Graham & Associates, 8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR. Fax: 01923 854791. Email:GGA@goodgram.demon.co.uk

GOODMAN GRAHAM
SERVING THE INFORMATION INDUSTRIES

PARTNERS
ENTREPRENEURIAL SERVICES

ERNST & YOUNG

£100,000 upwards — **London and Regions**

Ernst & Young have a national commitment to expand their already successful Entrepreneurial Services Practice, providing broadly-based business advice to independent companies with turnover from £5 million to £50 million and beyond.

Direct entry partnership and top remuneration are available for outstanding senior managers or partners from a Top 20 firm who can demonstrate the necessary skill base and business development flair.

The positions are also particularly attractive for those seeking a return to the profession after a period in the corporate sector.

You will be a graduate Chartered Accountant with a strong grounding in audit as well as general advisory and corporate finance experience. Powerful personal presence, leadership and communication skills are essential.

Ernst & Young offer the opportunity of full and rapid career development in this significant area of the practice.

Please write in confidence, with a CV and remuneration details, to Criterion Search, 50 Regent Street, London W1R 6LP, quoting ref: 1066. Tel: 0171-470 7108. Fax: 0171-470 7114.

CRITERION SEARCH
PART OF THE CURZON PARTNERSHIP

Financial Controller
Private Investment Group

Monte Carlo – Excellent package

- *Our client is a Monte Carlo based private investment group, managing assets across a wide range of classes and geographical locations, with particular emphasis on global markets. The group is expanding its base of worldwide investments and is seeking to recruit a qualified Accountant to assist with this expansion.*
- *Reporting to the Finance Director, this diverse role will provide you with finance, accounting, company secretarial, administration and personnel responsibilities. Key objectives will include monitoring of group financial resources, analysis of investment projects, group accounting, systems development, legal compliance and managing employment issues of local staff.*
- *A computer literate, qualified accountant, with strong numerate and analytical skills, you will have several years post qualification experience and speak French fluently. Enthusiasm, discipline and strong interpersonal and communication skills are necessary to operate as part of a small but highly professional and successful team. This role is best suited to someone who excels in an entrepreneurial and fast-moving environment. It will be a well rewarded, challenging position requiring a high degree of dedication and commitment.*

To be considered for this position please send your curriculum vitae with current salary details and an explanation of how you meet these requirements to Paul Modley, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference PM0097a. Fax: 0171-931 1022 or e-mail: pmodley@cc.ernsty.co.uk

ERNST & YOUNG
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Head of Group Taxation

Salary: £negotiable + car + benefits

Gloucester

BREWER • MORRIS
TAXATION RECRUITMENT SPECIALISTS

An exciting opportunity currently exists for a Head of Group Taxation, who will report to the Finance Director. In this role you will:

- assume total responsibility for the Group's taxation affairs
- add value by providing a commercially focused and 'approachable' tax consultancy service to the Group and its products
- lead and develop the existing in-house tax team

To meet the challenges of this high profile role, Lincoln seeks a qualified accountant with at least 8 years' taxation experience gained in the insurance industry and/or a 'Big 6' firm. Specific exposure to Life taxation is essential, ideally with an appreciation of US reporting requirements. If you fit this profile, and genuinely possess the management skills and personality to lead a tax department, then Lincoln can offer you an excellent opportunity for career development - with the added advantages of a superb rural location.

In the UK, Lincoln is a major provider of pensions, life assurance and unit trusts with a commitment to provide unparalleled customer service. We have achieved a substantial rate of growth, complemented in recent years by a number of important acquisitions. On behalf of our clients, we now manage funds in excess of £4 billion.

Contact:
Matthew Phelps
on 0171 415 2800

or write to:
Brewer Morris
179 Queen Victoria Street
London
EC4V 4DD
Fax: 0171 463 0740

Evenings and weekends
0181 670 3008

Lincoln
Simply a better way to grow

STRUCTURED FINANCE
DEBT DERIVATIVES

CITY — **£EXCELLENT**

Our client, a top flight US investment bank and a global leader in the debt derivatives business is seeking an experienced derivatives professional for a product orientated role controlling activities relating to: Asset Swaps, Convertible Bond Arbitrage, Asset-backed Securities, Tax Arbitrage, New Issues, Project Finance, Securitisation.

The Position

- Extensive technical interaction with the front office.
- Commenting on and reporting performance results to product heads.
- Developing and enhancing the control function; involvement in systems implementation and project work
- Managing a small team.

The Candidate

- A qualified accountant, with 2-5 years experience in a product based role, within financial services or public practice.
- A good knowledge of debt markets and derivative instruments.
- Ambitious team player, excellent communication skills.
- Supervisory experience useful.

We would welcome applications from exceptional ACAs with less experience for non managerial positions within the group.

Contact Tabassum Ahmad at Rizwan Nash Ltd, 45 Beech St. London EC2Y 8AD; Tel: 0171 628 5222, Fax: 0171 628 6270.

rn Rizwan Nash

MIDLANDS OPPORTUNITIES

Divisional FC — to £50K + car
Blue Chip FMCG. Good communicator. Up to 5 years PQE.
Ref. FTD

Financial Controller — c£30K + car
Strong focus on controls and efficient use of resources. Up to 5 years PQE.
Ref. FTE

Group Treasurer — to £45K + car
Strong cash management skills required. Must be "hands on". ACT Qual.
Ref. FTF

Operational Controller — c£35K + car
Strong commercial/working capital skills FMCG. Up to 5 years PQE.
Ref. FTG

Fin Controller - Dubai — c£35K + bens (tax free)
Midland Group. Would suit ACA 2 years PQE.
Ref. FTH

Send full details, quoting reference, to Penny Scambler at Nicholas Andrews, 125 Colmore Row, Birmingham B3 3AP Fax: 0121 236 5350

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Toby Finden-Crofts on +44 0171 873 3456

HOUSE OF FRASER

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Accounting Services Controller

c.£60,000 package — Glasgow

An evolving business

We are currently going through one of the most challenging periods of change in our history. We are already approaching a turnover of £1 billion, but in order to remain as a market leader and be well positioned for the future we are restructuring our operations, refocusing our activities and launching further initiatives to build the business for the future.

A challenging remit

As part of this change, we are relocating our accounting services function from London to Glasgow, where it will be combined with our existing accounting activities. We are confident that this will enable us to establish an accounting centre of excellence for the group. Your initial brief will be to pick up the reins quickly and ensure that the transition runs smoothly and that changes to the accounting function are managed effectively. Reporting to the Finance Director in London and with a team of over 80 staff, this is a key role in the centre of our organisation with the overall responsibility for the control, development and production of accounting services for the group. The role will be multi dimensional spanning areas such as management of a large accounting centre, annual reporting, tax, and IT systems development.

The profile

You will be a qualified accountant with at least 6 years' experience within the finance area of a large company and have experience of controlling a sizeable accounts team. Naturally we expect you to be IT literate with experience of integrated accounting systems and have a track record in developing accounting information systems. Technically you will be strong with expert knowledge of areas such as corporation tax and VAT. It would be an advantage if you have experience of dealing at Board level and have worked for a listed company. Retail experience would be of particular benefit.

You

But this is not all; personal characteristics are as critical as the right experience. We seek someone who is a skilled team manager, capable of building and developing staff and leading at all times. You will need to be assertive and be prepared to take tough decisions to win through, particularly when your head office is over 400 miles away. Effective at both the macro and micro levels, you will be eager to take on this responsibility and have a "can do" attitude and motivation to succeed.

What next

If you are seeking a quiet undemanding role then please do not apply. But if you are personally attracted by the level of challenge this role can offer then either call our advising consultant, Judith Richardson, on 0171 939 2248 or write to her, enclosing a full CV and quoting reference J/1740, at:

Executive Search & Selection,
Price Waterhouse Management Consulting Ltd,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.
Fax: 0171 378 0647
E-mail: Judith_Richardson@Europe.notes.pw.com

Banking Opportunities
City £35-70,000 + Benefits

Corporate Finance Associate
Involved in a wide range of transaction driven products including M&A, origination, risk analysis and due diligence. Candidates must be ACA and ideally speak another European language.
Ref 52135 - Trevor Green

Credit Analyst
Analysing complex financial information you will make recommendations on pricing and structuring new facilities for major corporates. You must be a graduate or ACIB qualified with a good understanding of treasury products.
Ref 52137 - Nina Gilbert

Specialised Financing
To assist the teams activities including marketing, structuring and negotiating senior and mezzanine debt, credit analysis including cashflow and financial modeling. ACA with banking experience essential.
Ref 52136 - Trevor Green

Financial Product Controller
Responsible for traders of fixed income products you will learn their business strategies, monitor and price test. You must be a newly qualified ACA/CIMA and demonstrate a real interest in products and markets.
Ref 52138 - Nina Gilbert

PSD
FMS
Finance and Accountancy Recruitment

5 Bream's Buildings
Chancery Lane
London EC4A 1DY
Tel: 0171 405 4161
Fax: 0171 430 1140
E-Mail fms@psd.co.uk
Internet www.psd.co.uk

INVESTOR IN PEOPLE

HEAD OF FINANCE

Central London — package c £65,000

Our clients are one of the country's most prestigious organisations with a significant presence in all areas of the financial services sector. To meet the demands of an increasingly competitive business environment they are engaged in a long term and comprehensive change programme. There is now a vacancy for a Head of Finance in a sector of the organisation which is central to this programme in providing I.T. services to the whole Group. The sector has some 1200 employees and a cost base in excess of £200m. Supported by an experienced and well-qualified 30-strong department the Head of Finance will work with operational management to optimise the financial performance of the sector. The key dimension in this role is service costing and will involve the interpretation and presentation of results, analysing performance and identifying trends, risks and opportunities. The scale and complexity of the organisation demand well-developed skills in the management of relationships at all levels. Success in the role will lead to exceptional career opportunities either in finance or other disciplines. The person appointed will hold an accepted accounting qualification and have significant exposure to line management in a large organisation. Candidates must be able to demonstrate a clear understanding of I.T. service costing gained through practical experience.

Please write with full C.V. including current salary and daytime telephone number quoting reference 1776/FT, to Dick Phillips, ACIS, Phillips and Carpenter, 2-5 Old Bond Street, London W1X 3TB. Telephone 0171 493 0156.

Phillips & Carpenter
Search and Selection

Outstanding Opportunity for an Experienced Manufacturing Sector Finance Professional as

GROUP FINANCIAL CONTROLLER – PLC

East Midlands — Package to £45k

This world renowned international capital goods business is achieving profitable and soundly financed worldwide growth – partly through acquisition.

Reporting to, and deputising for, the Group F.D., your prime task will be the continuing improvement in quality, robustness and timeliness of the controls and management information for an expanding business.

An FCA with a strong operational perspective, you will already have a track record of solid achievement within the finance function. You must also possess the potential and ambition for further career progress.

Please send your career details, current salary and an explanation of how your career to date provides evidence of your ability to meet the demanding specification to I.R. Day, Barnes Kavelle Limited, Cavendish House, Queen Street, Mirfield, West Yorkshire WF14 8AH, quoting reference 7104.

RECRUITING — BARNES KAVELLE — EXCELLENCE

IT Appointments

Republic of Bulgaria
National Social Security Institute
Automation Consultant

NSSI is seeking the services of an individual automation consultant to provide the technical supervision for the design and implementation of Social Insurance Information System (SIIS). The SIIS is being developed as part of a project funded by the IBRD and other donors. The services of the consultant are expected to be required for ten months a year for a period of up to four years. The work will be based in Sofia, Bulgaria.

Procurement will be conducted through the procedures specified in the World Bank's *Guidelines: Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency*. Interested eligible professionals are invited to submit a letter of interest and their CV by February 28, 1997, to:

National Social Security Institute
Project Co-ordination Unit
62-64 Stamboulijski Blvd., 1303 Sofia, Bulgaria
Tel: +(3592) 980 8963, +(3592) 980 7731
Fax: + (3592) 980 6553
E-mail: pcu@sof.cit.bg

REPORTING SYSTEMS ANALYST

c£35,000 **Central London**

The Company

Our client, a FTSE-100 healthcare company with operations worldwide, is at the forefront of technical innovation and a world leader in its field. Its group finance function, which manages reporting systems at 50 locations, is looking for a Reporting Systems Analyst to join their small high profile team.

The Role

Working for the Group Reporting Manager, your responsibilities will include:

- Taking initiative and personally driving the development of the Hyperion consolidation systems, to enable the group to meet its reporting deadlines.

If you wish to be considered for this challenging [illegible] progression within the group, please contact John Copeland [illegible] at FSS Financial, Charlotte House, 14 Windmill Street, London W[illegible] Tel: 0171 209 1000 Fax: 0171 209 0001 e-mail: jc@fss.co.uk

FSS FINANCIAL

"A wide range of growing markets and companies, across the world ..."

Systems Project Manager *£excellent Based Gdansk, Poland*

You would think that a company with a $70 billion turnover, over 222,000 employees, and customers around the globe would be satisfied with its performance. Some companies, maybe. But not GE. In a fast moving - and rapidly expanding - world market, we're continually looking for opportunities to further expand our new areas, such as into Eastern Europe. That's because we're always looking forward, innovating and anticipating changes.

GE Capital Bank Poland is no exception. Employing over 260 people, it has experienced major growth over the last year. Growth that shows no sign of abating, thanks to its competitive range of financial products.

In order to take full advantage of its anticipated expansion, the Bank is migrating from a PC application based lending system to a UNIX platform written in C and using an Oracle database.

You will manage a small cross functional team and work closely with local business and IT colleagues as well as GE Capital's Global IT team. Your primary objectives will be to ensure the new system meets business requirements, is aligned with global architecture and integration plans, and is delivered on time and within budget. That's why you'll need at least 5 years' experience in the development of mainframe and client server systems, and 3 - 5 years' project management experience, ideally within a financial services environment.

Initially offered as a two year assignment, starting as soon as possible, there is a strong likelihood of future projects, in other areas of Poland or elsewhere within Global Consumer Finance. A relocation package will be available.

What's more, you'll write and speak fluent English and Polish, be willing to reside in Poland and travel as required.

Please send a full resume with covering letter quoting ref FT 3069 to: Antal International Ltd., Shropshire House, 1 Capper Street, London WC1E 6JA, United Kingdom.

Tel +44 (0) 171 637 2001, Fax 44 (0) 171 637 0949.

All applications will be treated in the strictest confidence.

GE is an equal opportunity employer

**Not connected with the English company of a similar name.*

USA*

GE Capital
Global Consumer Finance

Projects Co-ordinator

Threadneedle **£ Excellent & City Benefits**

Threadneedle is a rapidly expanding Global Investment Management House with approximately £30bn under management, covering a broad range of funds. It has a demanding programme for development as it extends its institutional and retail services in the UK and moves to satisfy globalisation objectives. In parallel, it will be reviewing core elements of the IT infrastructure and business processes, to ensure a solid base for expansion.

There is a requirement for a projects co-ordinator to join the central projects function, which has been established to ensure that there is a suitable framework for the successful delivery of these business initiatives and that all projects are properly justified, resourced, timetabled, prioritised and monitored. The individual will have the following responsibilities:

- to manage specific projects and to assist the company's directors and business managers in planning and managing projects for which they themselves have responsibility
- to provide input to the overall company projects process in helping to identify potential new projects, inter-dependencies between projects and potential resource conflicts
- to liaise with senior management and users at all levels and co-ordinate suppliers of services.

The successful candidate, ideally a graduate, will have demonstrable project planning and co-ordination skills within fund management, the ability to develop relationships at all levels, understand business issues quickly and deliver solutions, preferably including IT. This role offers an excellent opportunity to join a progressive fund management operation, working in different areas of the business and extending skills to a wider range of activities.

For a confidential discussion please contact Edward Hunter Blair, Telephone: 0171 236 2400, Fax: 0171 236 0316 or apply in writing to: Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection

Demon Internet

Demon Internet Limited is the leading Internet access provider in the UK. Growth is fundamental to the Company as it maintains market leadership and develops quality systems for the exciting future of global Internet access.

ACCOUNTS MANAGER (reference no. HO/1087) **£36,000 circa**

For this role you will need to be commercially aware and have the ability to work within a rapidly growing, fast moving technological environment.

We are looking for an experienced accounts manager to organise, guide and manage our busy accounts department. The team currently consists of 15 staff members and includes credit control, purchasing general accounts and the postroom.

You must be able to demonstrate effective management and team leadership skills as well as being a methodical and organised individual. These skills will assist you in delivering organisational systems and in enhancing accurate and efficient reporting.

You must have excellent interpersonal and communication skills, which will enable you to effectively interview potential staff and to review our existing staff.

Ideally you will be qualified in one of the following areas: ACA, AMCA or FCA with experience of computerised accountancy systems and of debt collection (pre-requisite). Knowledge of subscription based service, the Internet, communications and leasing (desirable)

If you are interested in this position please apply in writing with your CV, quoting your current salary package, to: **Personnel Department, Demon Internet Ltd., Gateway House, 322 Regents Park Road, Finchley, N3 2QQ.**

tel: 0181 371 1103 e-mail: personnel@demon.net fax: 0181 371 1228

RENAISSANCE SOFTWARE, INC.

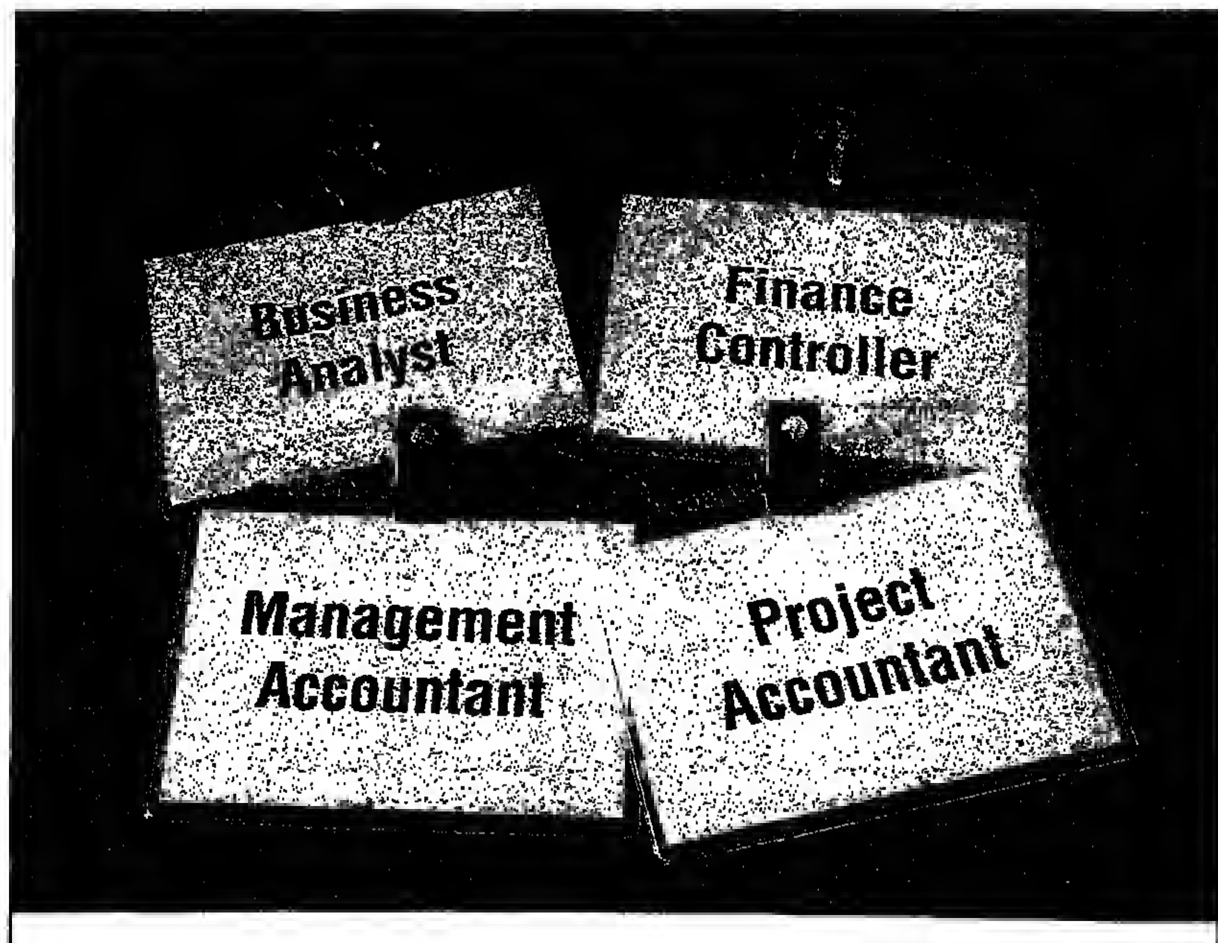
Software Sales Positions

Renaissance Software is the world's premier trading, risk management and operations systems provider for the derivatives markets. Renaissance is continuing its rapid expansion and we are offering unique opportunities for sales professionals to join our team. If you have 5+ years experience selling high technology software solutions to financial institutions (preferably derivatives related), then we would like to hear from you. Positions are currently available in New York and London.

The company is based in Los Altos, in the heart of Silicon Valley, and has offices in New York and London. *Renaissance's clients* include some of the world's largest financial institutions and corporate treasuries.

Please fax or send your cover letter and resume to:

RENAISSANCE SOFTWARE, INC.
Recruiting Department
17 State Street, 20th floor, New York, NY 10004. Fax: 1 212 344 7039
No phone calls please.



Our client prefers to think of you as a management consultant.

ORACLE APPLICATIONS - LONDON & EUROPE

Whatever your career choice, it is not in our client's nature to pigeon hole anyone, whatever their Finance or Accountancy background. They prefer to think of everyone as part of the management consultancy team, providing the expertise and experience to add value to their clients' businesses.

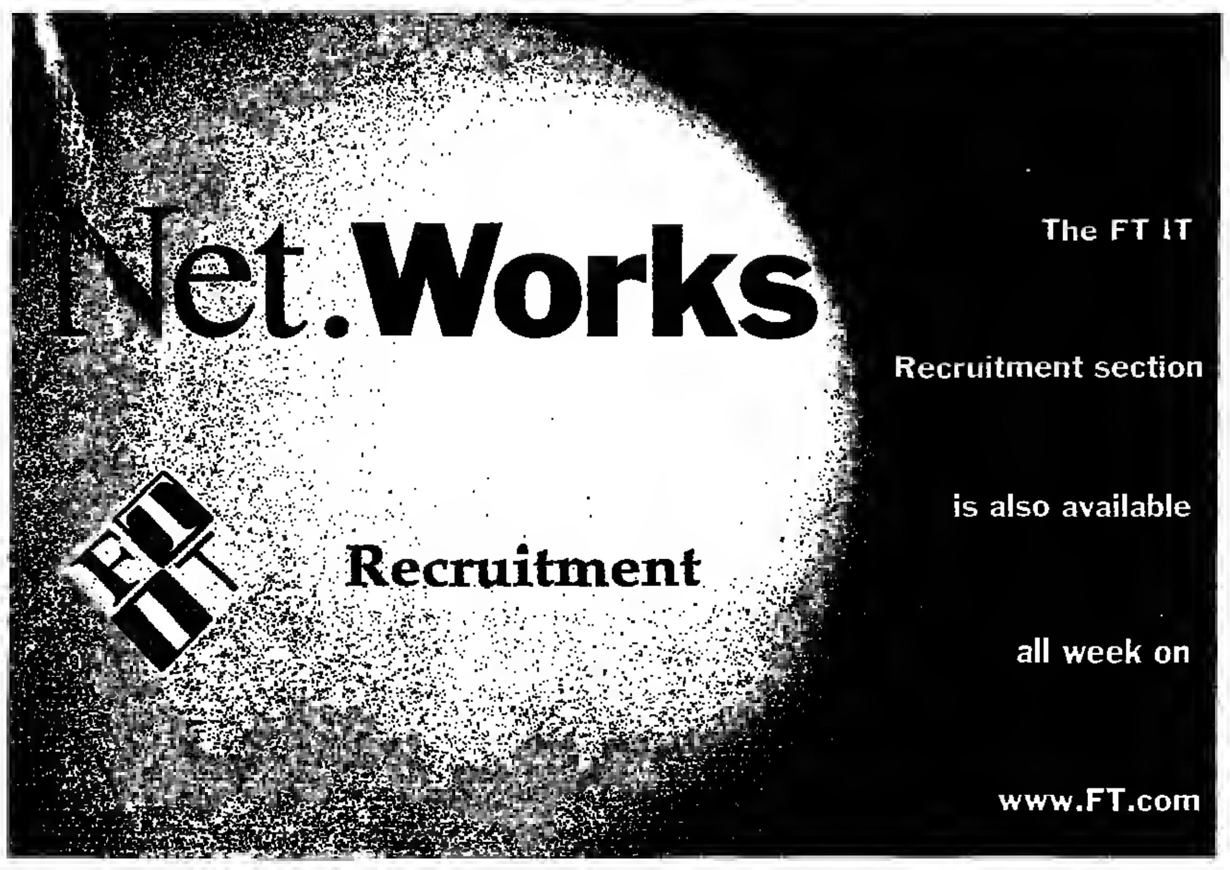
Working with large multinational companies, tackling critical issues and initiating lasting change, the Oracle team works closely with *consultants from other disciplines and benefits* from significant investment in the development of industry solutions.

Due to continued growth, there are immediate opportunities for Finance and Accountancy professionals to join this global business. You will already have come into contact with Oracle products and will have the opportunity to increase your Oracle skill set, as you work with technical experts on leading-edge projects. Alternatively, those with an IT background can look forward to working with the very best business and process professionals, thus gaining a far greater understanding of the commercial aspects of a project.

Successful candidates will need between four and seven years' experience from either a consultancy or multinational organisation, including at least one full Oracle implementation.

In return, our client offers a salary package of up to £50k as well as considerable scope for career development supported by a major commitment to training. If this sounds like the type of global opportunity you are looking for, please send full CV in confidence to GKRS at the address below *quoting ref no: 96695N* on both letter and envelope, and including details of current remuneration.

GKRS
SEARCH & SELECTION
PARK HOUSE, 6 KILLINGBECK DRIVE, LEEDS LS14 6UF. TEL: 0113 248 4848
A GKR Group Company



Death of soldier brings Irish Republic's politicians together in condemning Sinn Féin

Clinton condemns 'cowardly' shooting

By John Murray Brown in Dublin

The killing of a British soldier in Northern Ireland on Wednesday was a "cowardly crime," President Bill Clinton said in a statement issued by the White House last night. "All those who care about the future of Northern Ireland must join in condemning this crime," he added, extending sympathy to the aoldier's family and "the *British* government and people".

Earlier, the govarnment and opposition parties in the Republic of Ireland joined in condemning Sinn Féin, the political wing of the Irisb Republican Army. Leading figures united in the Dail, the lower bouse of the country's parliament, in condemning the incident.

Mr John Bruton, the prime minister, said the shooting was "an expression of something we wish to eradicate from our society – the use of violence to achieve political ends".

Mr Bertia Ahern, the leader of Fianna Fail, the largest opposition party, said the killing had "*further* endangered peace on this island". It was long past the *time for* Sinn Féin to show political leadership and "declare whether they are seriously interestad in a peaceful settlement, and are ever going to play a useful part in the talks that are ongoing".

Lance Bombardier Stephen Restorick, aged 23, of the 3rd Regiment, Royal Horse Artillery, was shot two days before the arrival in Northern Ireland of a high level *US congressional delegation*. Nobody has admitted responsibility for the killing, but it is assumed by security forces to bave been carried out by the IRA.

Lance Bombardier Restorick's parents, who live in England, appealed *yesterday* to anti-repuhlican "loyalists" in Northern Ireland not to *unleash sectarian violence* in rataliation for their son's death. "We would urge the *loyalists* not to *retaliate*," said Mr John Restorick, his father. "We wouldn't want any family to go through what we're going through at the moment."

Tha US delegation to Northern Ireland is being led by Mr Ben Gilman, chairman of the International Affairs Committee of the House of *Representatives*. He is expected to meet Sir Patrick Mayhew, chief minister for Northern Ireland in the British government, as well as leaders of the main parties in the region.

In a flurry of diplomatic *activity*, Mrs *Madeleine* Albright, the US secretary of state, is to visit London on Tuesday. *UK officials* say she had originally requested a meeting with Sir Patrick which had to be cancelled because of "scheduling difficulties." *Speaking* on BBC radio yesterday, Sir Patrick denied suggestions this was a *deliberate* snub from *the* US. However, it comes amid renewad speculation about the fnture of Northern Ireland policy amid reports that President *Clinton is* poised to recall Mrs Jean Kennedy Smith, the US ambassador in the Republic of Ireland.

Paul McErlane

A British soldier on patrol yesterday near the Northern Ireland checkpoint at which a soldier died on Wednesday from a single shot in the back fired by a sniper

Opposition to ease takeover reform

By Robert Rice, and Stefan Wagstyl

The opposition Labour party is poised to abandon one of its most controversial proposals for competition policy reform amid concerns it might lose votes from the business community.

The proposal to make companies prove that planned takeovers are in the public interest *is set to* be dropped after a review ordered by Mr Tony Blair, the party leader.

The review team of Lord Borrie, former director-general of the Office of Fair Trading; Mr Bryan Sanderson, managing director of BP Chemicals; and Mr John Vickers, professor of political economy at Oxford University; is expected to deliver its verdict by the end *of the* month.

Lord Borrie, however, has made clear he is opposed to the reform. Mrs Margaret Beckett, shadow trade and industry secretary, has expressed doubts. Mrs Beckett said there were arguments for making companies show that mergers were in the public interest but it might prove difficult in practice.

The idea was opposed by the Commission on Public Policy and British Business, the group of business people set up by the left-leaning Institute of Public Policy Research *to* review UK economic policy. Lord Borrie argued that changing the merger test would result in an increase in the workload *of the Monopolies and Mergers* Commission and lead to delays in merger clearance.

It would result in the MMC being asked to weigh up who was likely to be the best set of managers of a company, which was not its role, he said. Labour has hinted that as a compromise it might stick to changing the test for *hostile bids, but Lord Borrie* said he could see no point in that.

"There is no logic in saying the public interest is more or less adversely affected when you have a bostile bid. You can get together to *gouge* the public just as well as doing it on your own."

The review team is expected to kill ideas of merging *the MMC* and the *Office of* Fair Trading. Labour bad been in favour of creating a super competition regulator but appeared to change its mind in recent montbs.

Lord Borrie said the distinct roles of the MMC and OFT were worth *preserving*. The aim sbould be "maximise practical co-operation [between the two] so that business is not mucked around".

Labour's windfall tax would apply to all privatised utilities wbose business is licenced and regulated by statute.

This means that British Telecommunications, the British Airports Authority, Associated Britisb Ports, Railtrack and British Gas would all be liable, but British Airways will be excluded, in spite of widespread speculation that it would pay the tax.

The disclosure will come as a shock to many of the UK's biggest companies, which have been assuming that the levy would be focused primarily on elec*tricity and water businesses*.

Ms Clare Spottiswoode, the gas industry regulator, says sbe does not believe that a windfall profits tax sbould apply to British Gas if her price controls affecting the business are adopted.

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Landmine ban pledge by Labour party

By John Kampfner, Chief Political Correspondent

A unilateral ban on landmines and an annual report on UK strategic exports were promised by the Labour party yesterday as it vowed tougher controls on arms sales if it forms the next government.

Marking the first anniversary of Sir Richard Scott's report on the arms-to-Iraq affair, Mr Robin Cook, the party's shadow foreign secretary, set out an eight-point plan to a repeat of the affair in whicb Britain broke United Nations weapons sales guidelines.

"Britain is a leading arms exporter," Mr Cook said. "We have a right to main*tain our competitive edge in* this market, but we must also accept our responsibility to ensure that the arms trade is properly regulated."

Labour's programme inclndes:

- A ban on all forms of anti-personnel land mines and an immediate moratorium on their use.
- *Stricter monitoring* of end-user certificates to prevent arms reaching third countries by stealth.
- Measures to prevent UK companies from manufacturing, selling or procuring equipment such as electric sbock batons used primarily for torture, as well as work towards a global ban.
- Work towards introduction of a European code of conduct setting higher standards for all EU member states.
- An annual register of arms sales setting out the state of controls and their application. It will list tha total value of defence exports to each country, giving details of licences granted and refused. House of Commons committees on *defence, trade and industry* and foreign affairs will examine the report. Efforts would be made to establisb a similar register for the European Union.

Sir Richard concluded last February that ministers and officials bad misled parliament over arms exports and tbat controls of weapons sales in the 1980s had been inadequate. No minister resigned after the report was *debated in parliament*.

The Foreign Office said yesterday that the Labour proposals were similar to existing guidelines. It also made clear the government was working for an international ban on landmines and had begun the destruction of up to half its stockpile.

US deal on state agency is attacked

By David Wighton, Political Correspondent

The government yesterday sparked fierce criticism by announcing the sale of its banking arm to EDS, the US-owned company that bas already taken over large parts of tbe government's computer operations.

Labour, the main opposition party, accused the government *of rushing through* the privatisation of the Paymaster agency to complete the disposal before the general election.

Mr Derek Foster, a senior Labour MP who bolds the title of shadow chancellor of the Duchy of Lancaster, said: "This sale has been rushed througb by a desperate, *last*-ditch *government* concerned only with raising a quick buck."

Labour pointed ont *that* the government had not followed the usual procedure of announcing a preferred bidder but had gone straight to signing a conditional sale for £22.7m ($37.3m).

Labour also expressed concern about the choice of purchaser. "It is highly disturbing to learn tbat the government's *vital banking* arm has been sold to a firm with no banking experience whatsoever," said Mr Foster.

The agency, formerly called the Paymaster General's Office, consists of a pensions arm, and a banking operation which handlas £800bn of government transactions.

To buy the agency, EDS is forming a joint venture with Hogg Robinson, a leading pensions administration and systems supplier.

Minister intervenes in tax dispute

By James Blitz and Jim Kelly

Mr Kenneth Clarke, the chief finance minister, yesterday announced he would review plans to strengthen the powers of Customs & Excise to collect unpaid tax following protests from the Britisb Bankers' Association. "Where concerns are being expressed on this issue, we will consider the matter very carefully," he said in the House of Commons.

Mr Clarke said be had been alerted to the BBA's concerns over the new powers, which are *contained in* the finance bill, hy an article in the Financial Times this week.

Mr John Thirlweli, assistant director of the BBA, said later that the government had offered "substan*tial concessions*" over the new powers. "We are delighted," be said.

The additional powers would have allowed Customs to recover unpaid tax by taking action against anyone owing money to a defaniting taxpayer. The BBA was concerned that the rules would *be used to* demand payments from banks. In particular, bankers fear Customs could target accounts in credit, leaving the bank with those in debt. It was also concerned that it gave Customs new powers witbont any recourse to the courts.

But Mr Thirlwell said that *among concessions offered* was an undertaking the powers wonld not be used to target credit accounts, would not tonch money in dispute, secured debts, or trust funds, and that there would *be some form* of "judicial involvement".

Both the Treasury and Customs yesterday also emphasised that tbe proposed rules would only be nsed in restricted circumstances and could help save companies from insolvency.

The Treasury bas also defended the measure, say*ing it would extend an existing* principle of Scottish law. However the Scottish procedure does require the approval of the courts.

New route from terminal to Channel tunnel would avoid London

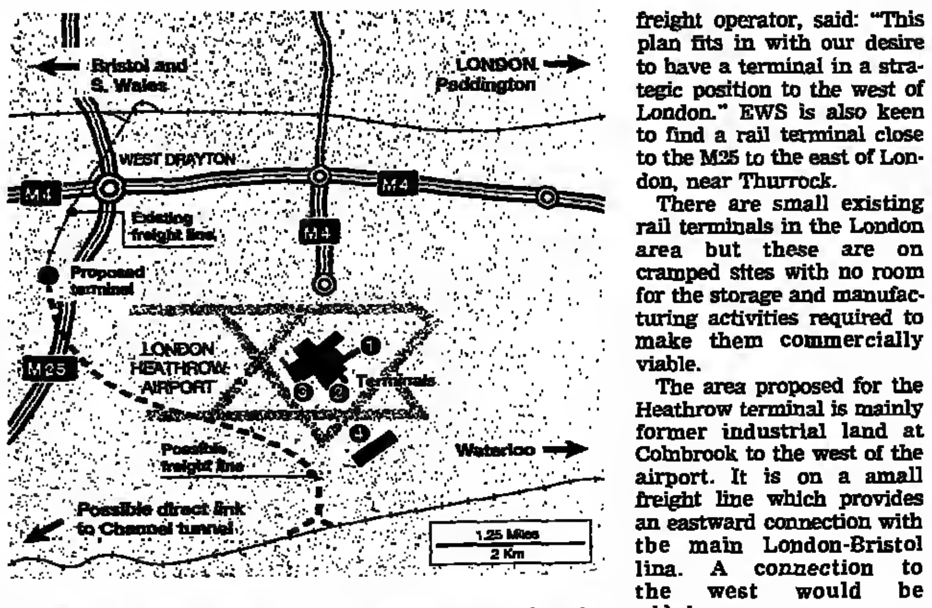
Heathrow railhead planned

By Charles Batchelor, Transport Correspondent

Plans for a rail freight terminal of up to 100ha near London's Heathrow Airport are being prepared by a con*sortium of freight operators* and distribution companies. The terminal would be near the junction of the M4 motorway to Wales and the M25 London orbital motorway.

The project, which would require an investment of about £100m ($163m), would relieva a threatened shortage of terminal space in southeast England and could provide a direct link between *air freight landing* at Heathrow and European rail networks.

Tha terminal would have a direct link to the main line between London, Bristol and south Wales. There are plans for a connection to the south which would let freight from Wales and the English Midlands by-pass London before *joining the Channel tunnel* route to France.



The scheme is backed by a consortium called Focal – Freight Operators' Commercial Access Link – which hopes to apply for planning permission in May.

The consortium's members are understood to includa ICF Kaiser, a US engineering company; a large rail equipment manufacturer; a property developer and a cargo bandling and distribution group.

English Welsh & Scottish Railway, the US-owned freight operator, said: "This plan fits in with our desire to have a terminal in a strategic position to the west of London." EWS is also keen to find a rail terminal close to the M25 to the east of London, near Thurrock.

There are small existing rail terminals in the London area but these are on cramped sites with no room for the storage and manufacturing activities required to make them commercially viable.

The area proposed for the Heathrow terminal is mainly former industrial land at Colnbrook to the west of the airport. It is on a amall freight line which provides an eastward connection with tbe main London-Bristol lina. A connection to the west would be added.

If planning approvals are obtained, work on the site could begin next year and the first train could run in 1999, Mr Rod Hilditch, a consultant and main promoter of the scheme, said.

UK NEWS DIGEST

HK to extend visa regulation

Rules allowing British citizens to work in Hong Kong without visas are to be dropped in April, the territory's government announced yesterday. Britons will then be covered by the same rules as other foreign nationals.

Ms Regina Ip, director of immigration, said the reforms were being announced now to clarify procedures ahead of July's return of the territory, still a British colony, to Chinese sovereignty. She said British citizens and their *employers had sought early resolution of the issue*.

Ms Margaret Ng, legal representative in the territory's legislature, accused tha government of rushing the arrangements through. "It is a matter of changing people's rights," she said. "You should give the Legislative Council the full required time to deliberate the policies."

The British Chamber of Commerce described the planned changes as broadly fair. British citizens who have lived in Hong Kong for more than seven years will be given the right to unconditional stay, while those now in the territory under a set limit need not apply for visas until the limit expires. *John Ridding, Hong Kong*

■ THE ECONOMY

Inflation measure stable at 3.1%

The government's measure of underlying inflation – which excludes bome loan interest payments – was 3.1 per cent last month, unchanged from December, the Office for National Statistics said yesterday. The government's long-term target is 2.5 per cent.

Rising house, food and motoring costs outweighed record falls in clothing and household goods prices. The headline rate of inflation, which includes interest payments on loans for buying homes, rose to 2.8 per cent in January, its highest level for a year. The figures came only a day after the Bank of England, the UK central *bank, warned that* a *modest rise in interest rates was* needed if the government was to meet its inflation target.

The ONS said the latest data showed the effects of aggressive discounting between shops. *The price of clothing* and footwear fell by 5.8 per cent between December and January, the biggest drop since records began in 1947. Household goods prices such as furnishings and electrical appliances fell 3.6 per cent in January, the largest decline since 1956. *Richard Adams, London*

■ TOURISM SURVEY

Wales wins more visitors

A quarter of visitors staying in Wales during last year's peak summer season were from outside the UK, according to a survey for the Wales Tourist Board.

Although Wales lags far behind Scotland in attracting tourists, the board believes that government figures have underestimated the number who visit the region. The WTB survey estimates that there were 700,000 visitors from outside the UK during July and August, wbo spent £175m ($285.25m).

The US and Canada were the most important countries of origin, followed by Germany, Australia, New Zealand and the Netherlands. The Office for National Statistics calculates that there were 736,000 tourists from outside the UK to Wales in the whole of 1995 – the most recent year for which figures are available – and that they spent £203m. Since 1992, when the WTB was given powers to market Wales outside the UK, spending by non-UK holidaymakers in Wales is believed to have grown by 52 per cent. *Roland Adburgham, Cardiff*

■ CAPTIVE INSURANCE

S African companies join register

Among 40 organisations to establish captive insurance companies in Guernsey – one of the channel islands between Britain and France – during 1996 were four with parent companies in South Africa. The island has specialised in this area for some years and continues to attract new business from around the globe.

The Post Office, British Energy, the National Express Gronp and the Britannia Building Society were among the UK organisations to register.

With 12 companies surrendering their licences during 1996, the net increase was 28, bringing the total number of offshore insurance registrations to 335 (324 captive and 11 offshore life). Mr Steve Butterworth, the island's superintendent of insurance, stressed that the surrenders were mainly due to mergers and acquisitions of the captive parents and that none was closed down because of financial difficulties. *Philip Jeune, Jersey*

■ LONDON UNDERGROUND RAILWAY

Board agrees spending cuts

Spending cuts in the state-owned London Underground railway are believed to have been agreed by its board yesterday in the wake of a three-year government funding cut of £700m ($1.1bn).

Last month the board proposed delaying a number of schemes, inclnding a £100m refurbishment of District Line trains and the £100m upgrading of the Northern Line. The cuts will be outlined by London Underground chiefs next *week* at a meeting of the House of Commons transport *committee*.

A government announcement on privatisation of the network is expected before the general election to be held in the next three months. *George Parker, Westminster*

■ INTERNET CENSORSHIP

Pornography study launched

Tha European Parliament has awarded Smith System Engineering a contract to investigate the technical feasibility of jamming or censoring pornography and racism on the Internet and other systems.

Working with legal and social policy experts, the engi*neering consultants will produce a study which will be* used as a briefing document for members of the parliament (MEPs) and is expected to be used as the basis of future policy.

Concerns about abuse of the Internet, particularly by paedophiles, have been growing. A recent study based on one sample of Internet traffic using a European search facility showed that 47% of queries logged by the indexing system were related to pornographic material. *Paul Taylor, London*

Investors reassured over downturns in junior market

Many companies' reports this year are below expectations, but fund managers remain sanguine about future of Aim

There may not seem much to connect recent profit warnings from a veterinary supplier, a CD-Rom producer, a software group and a *television rights* company.

However, all are listed on the Alternative Investment Market, and they have been joined by disappointing results from several other Aim companies. *This has* worried a number of investors.

Of the 35 Aim companies which have announced results since *the start of* the year, more than a third have come in below market expectations.

This has raised concerns that the poor figures could be the harbinger of worse *to come as* the *main results season* accelerates during the month.

The issue is made more sensitive because of Aim's brief history. The market was established in June 1995 *to provide* a low-cost exchange for young companies seeking to raise development capital.

This reporting season will highlight how many have fulfilled the promises *contained* in their prospectuses. Aim has less stringent entry requirements than the main market, and prospectus statements are often seen as a key investment criterion.

"With many Aim companies there is very little else to go on, so inevitably there have been quite a few disappointed investors in recent weeks," said one Aim adviser. "But investors have to make up their own minds if they are willing to believe a prospectus story and pay the price asked."

However, some Aim investors have been little surprised by the warnings and disappointments because the market has an element of high risk.

Mr Bill Brown, a fund manager for Ivory & Sime, which runs one of the biggest Aim investment trusts, says the results are simply a reflection of the market. "There is no doubt that these are disappointing results, and there are individual *reasons* for *those*. But generically, for companies at this stage of development capital growth, some will inevitably exceed and some disappoint."

Mr Andrew Buchanan, a fund manager at Rutherford Asset Management, agrees: "Both profit warnings and profit successes are part of the maturing of a market providing development capital for growing companies." He notes that recent weeks have also contained impressive results from Fitness First, Majestic Wine, Whittard and Surrey Free Inns.

Mr Brown says the *results should* provide lessons for all investors in Aim, particularly in studying a prospectus closely. Many investors are wealthy private individuals who also benefit from generous tax breaks and are willing to risk their investments in return for potentially high rewards. "The companies prodncing the best results are generally focused, and with a straightforward story to tell."

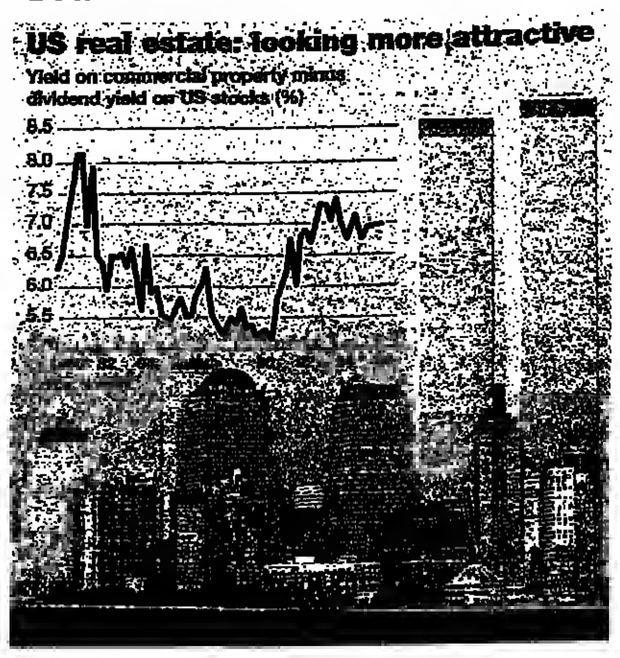
Among those issuing profits warnings, Circle Communications, the television rights group, saw its shares drop 40 per cent last week after *announcing* that annual profits would be "significantly below market expectations". Shares in Multimedia nearly halved after warning tbat trading losses and the need for write-downs on *investments made* in new *CD-Rom* software titles were likely to lead to a pre-tax loss of up to £1m ($1.63m).

Christopher Price

THE PROPERTY MARKET

The popular Reits issue

Richard Waters explains the recent strength of US real estate investment trusts



Share prices soaring; a round of big takeovers; talk of US-based multinational corporations dominating s global industry. Surely this can't be the normally insular – and private – US commercial real estate industry?

A spate of acquistions and the rise in share prices since lste last year have confirmed the recent popularity of US real estate investment trusts (known as Reits). Depending on where you stand, this is either evidence that a new investment industry is being born – or simply a sign that the stock market's strong rise is rippling through other sectors.

The rise of tha Reit is to some degree a manifestation of the strength of US mutual funds. In a year when billions of dollars were poured into equity mutual funds, those that invested in real estate companies sbowed an sverage total return of 31 per cent, compared with 19 per cent for the average US stock fund; only energy funds did better.

The yield gap between real estate and stocks provides one explanation for the sector's popularity (see chart). With the dividend yield on US shares now edging below 2 per cent, the 10 per cent yield on many types of commercial real estate looks all the more attractive.

The Reits have also been working bard to depict themselves as s separate asset class, arguing tbat their sbares bebave differently from the average publicly traded company in a stock market downturn. That contention has yet to be tested.

In the meantime, the biggest companies are using their stock market popularity to raise the money to buy more property.

Sheer size, bringing the promise of greater stock market liquidity, has helped. "One of tbe things that has beld Reits back in the past has been not having a big enougb float [of publicly beld shares]," says Mr Tom Rizk, cbairman of Call Realty, an acquisitive office Reit in the north-east.

That greater liquidity, along witb tbe deluge of money flowing into mutual funds, translates into a lower cost of capital. No wonder the US public real estate industry of the mid-1990s is only modestly leveraged: tapping the stock market has been the easiest and cheapest way to grow.

With commercial real estate changing bands at yields of 9-10 per cent, that has made spread investing (raising capital at one rate, then buying property that has s higher yield) an obvious ploy.

Also, with the stock market swarding sharply higher valuations to the companies that are expected to grow the fastest, it has been possible to sbop for real estate on the cheap on Wall Street. Among deals by highly rated companies this year are: the $1bn acquisition by Equity Residential of Wellsford, and the $440m purchase of Robert Martin by Cali Realty.

> The industry is only modestly leveraged: tapping the stock market is the easiest way to grow

The Martin acquisition was done at an implied yield of 10 per cent, says Mr Rizk, compared with Cali's cost of funds of around 8 per cent. That aritbmatic axplains why Mr Rizk's company, whicb controlled $280m of real estate when it went public two and a half years ago, now has a $1.7bn portfolio – and why, along with a handful of other giants in the sector, it plans to keep growing.

Furtber evidence came this month from Travelers, an insurance company that was one of the big distress sellers of real estate in the early 1990s. Now part of a bigger financial services gronp, Travelers said lt would transfer $600m of office buildings into a new joint venture company, whicb would eventually assemble s portfolio that it expected to be worth billions. Wall Street now expects tbe venture to be taken public, though Travelers refused to comment on its plans.

Does all this mean that the share prices of the most highly valued Reits have got ahead of themselves? The answer depends on which valuation measure you use, but there are warning signs.

In terms of dividend yield, the traditional measure for appraising the sector, public real estate companies now trade at a discount of about 0.5 percentage points to 10-year Treasury bonds, compared with a usual premium.

Supporters argue, though, that these are not just static portfolios of real estate. Rather, they are actual companies, with the ability to grow their earnings the same way that other companies do – by cutting costs, buying other companies, or marketing their buildings more effectively.

Earnings multiples may not be all they seem. The industry uses so-called "funds from operations" (FFO) as its measure of performance (this leaves out the large depreciation charges that would otherwise overwbelm the reported numbers). The industry's calculations of earnings also allow for some costs to be capitalised that normally would be taken as a charge in the profit and loss account.

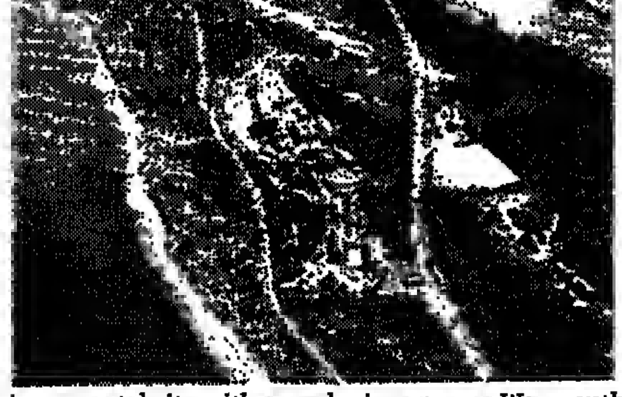
The effect can be marked. Reits that invest in offices, for instance, are trading at 12.9 times their expected FFO for 1997, says Mr Jonathan Litt, an industry analyst at PaineWebber, the stockbrokers. When adjusted for capitalised costs, though, tbe multiple jumps to 15 times (the US stock market is on a multipla of about 18 times this year's earnings).

None of this even takes into account the relationship between share prices and net asset values. This is a seldom-watched measure on Wall Street – and maybe that is just as well, given the present level of share prices.

According to an analysis by Mr Litt, the average Reit was trading earlier this month at 137 per cent of net asset value. Office Reits, which have been the craze of the past year, are trading at 162 per cent of net asset value, whila those holding industrial property are at 154 per cent.

To look past these hefty premiums requires confidence in the sector's ability to maintain solid earnings momentum. It also requires a belief that the mutual fund money will keeping flowing.

COMMERCIAL PROPERTY



PERSONAL

ARTS

Orchestral discord in the US

Andrew Clark explains why there have been a rash of strikes this season

Wednesday's concert in Davies Hall, marking the end of the San Francisco Symphony Orchestra's 67-day strike, was understandably enphoric. Although the musicians gave some free concerts to boost morale during the strike, they had not come face-to-face with their music director, Michael Tilson Thomas, or their regular andiences since December 5. A total of 48 concerts had been cancelled. So their performance of Bach's *Magnificat* and Stravinsky's *Perséphone* had a special resonance.

Behind the public display of reconciliation, management and players have no illusions about the damage caused by the stoppage. It not only marred Tilson Thomas'a second season in San Francisco and disrupted the orchestra's recording programme; it also sullied its international reputation – the musicians publicised their grievances during last November's European tour – and will almost certainly have dented its subscriber base.

The current season has seen a rasb of such disputes. The Philadelphia Orchestra's strike lasted nine weeks, and orchestras at Atlanta and Portland, Oregon, also had prolonged stoppages. Managements across the country are now preparing for the next round of confrontation: most US orchestra contracts run for three years, which meana ronghly a third come up for renegotiation every March.

In the view of some commentators, the strikes are symptomatic of a crisis in classical music. The New York Times recently bemoaned "the loss of a golden age", and blamed the dismantling of public music education in the US, the increasing dominance of popular culture and the American urge to democratise the arts. "Wa have created an overabundance of orchestras and concerts," it said. "The world of art music [is] unable any longer to make a case for itself."

While this view has wide credibility, no one has prodnced hard evidence to support tt. It is easy to forget that strikes have long been endemic in US orchestral life: the early 1980s were particularly tough. Recent years have seen a lull, so the latest wave was bound to look bad. There was no obvious linkage between the disputes. The key issue in San Francisco was concert scheduling; in Philadelphia it was recordtng payments, in Atlanta job tenure and the size of the orchestra.

What the strikes prove is that managements are finally putting a lid on musicians' expectations of unbridled growth in pay and benefits – expectations that were fuelled by the boom years of the 1980s and early 1990s. Chastened by a harsher economic climate, which has seen a squeeze on all US arts organisations, orchestras are having their biggest shake-out in years. Managements are getting tough, holding back on budgets and working out e business solntion to their problems. The clearest evidence for this is the reduction of deficits.

In the 1989-90 season, 26 American orchestras reported a loss, and the average balance of the top 60 was minus $30,000 (£18,750). By the 1995-6 season, the number of orchestras reporting a net deficit had fallen to 25, and the average balance showed a surplus of $250,000. Across the same period, the number of orchestras with deficits over $500,000 fell by a third, and the average assets carried forward from season to season swung from minns $630,000 to plus $770,000.

These figures, compiled by the American Symphony Orchestre League (ASOL), snggest e sea-change in the way US orchestras are run. The 1980s were a time of spending and growing, unrelated to avetlable resources. Meny orchestras thought the boom wonld continue for ever, and their ballooning salary packages reflected this. The San Francisco Symphony, for example, enjoyed annual pay increases of np to 10 per cent; ecross the leeding American orchestras, labour settlements were running at two-and-a-half times the rate of inflation. Managements found themselves committed to contracts they could not fund – and the deficits grew. San Francisco's now stands at $3m.

"In the 1980s, many of us thought that if we had the resources to pay more, we should," says Peter Pastreich, executive director of the San Francisco Symphony, "because musicians were generally underpaid. Today there is not the same moral pressure for higher pay. By 1995-6, the average salary in this orchestra had reached $95,000. Managers of the top orchestras are no longer afraid their musicians will run elsewhere to get more pay."

The reason for lower pay settlements is not falling box-office returns: the San Francisco Symphony gives 200 concerts a year and still manages a 93 per cent average capactty. The real squeeze has come from federal cntbacks, and their knock-on impact on corporate and private giving. The San Francisco Symphony's current grant from the National Endowment for the Arts and the California State Arts Council is half what it was in 1992. In a $34m budget, a drop of $400,000 may be small, but it still represents a net loss which, with inflation, has to be made good.

"It's e tougher climate," says Melinda Whiting of ASOL. "Orchestras now find themselves competing against charities and social programmes for the philanthropic dollar. They know that if they continue certain spending habits, they may not surviva the next 20 years. That's why they are putting a cap on spending and trying to increase capttal endowments. The fact that the industry has woken np is good news."

The Atlanta Symphony finally settled for a modest 2 per cent annual increase, San Francisco for 3.6 per cent. The San Francisco musicians won improvements in healthcare and pensions; the management secured a long-sought-after tncrease in Sunday concerts and an extra tour week.

American orchestras are learning that the ultimate test of their viability lies not in the detail of a strike settlement, but in the valne their communities place on them. In each of the recent dispntes, orchestra boards – as the embodiment of those communities – were prepared to sit through a long strike to ensure the orchestra did not outstrip its resources.

So are American orchestras in terminal decline? Not exactly. Orchestras as disparate as the Cleveland, with a $25m bndget, and the Nashville Symphony, with a turnover of $5m, are reporting a rise in donations and attendances. Most of the small-town orchestras which folded in the early 1990s bave sprung back to life.

"The perception that classical music is facing a crisis of support is not entirely accurate," seys Tom Morris, execntive director of the Cleveland Orchestra. "There's no doubt that the environment for the performing arts is changing, and this produces feelings of nnease. Our policy is to commit ourselves to what we do best – an enlightened and eclectic repertoire, performed to the highest standard. We see that as the road to success in an increasingly competitive market-place."

Kenneth Cranham, Melanie Hill and Mark Lewis Jones in Peter Gill's new play set in a housing estate, 'Cardiff East' Alastair Muir

Opera in Berlin/**Paul Moor**

Bible-bashing country

American literature is familiar with the bigoted clerical hypocrite: Sinclair Lewis named him Elmer Gantry. In real life, as Jim Bakker or Jimmie Swaggart, he has repeatedly ended up behind bars. And in Carlisle Floyd's 100 per cent American opera *Susannah*, which has just received its German premiere at the Deutsche Oper in Berlin, the heroine falls prey to a similar divine, Olin Blitch.

When Erich Leinsdorf conducted *Susannah* at the New York City Opera in 1956 (a year after its premiere in Florida), it was acclaimed as "the most impressive opera to have been written in America since *Porgy and Bess*". Floyd's musical style rests foursquare on fundamental harmonies, introducing mild dissonances only in scenes of violence. Especially in the hymnal sections, one hears echoes of those old church modes brought over from Elizabethan England.

Born in 1926 in South Carolina of a Methodist minister father, Floyd based his libretto on a story in the Apocrypha which also inspired Rembrandt, Rubens and Handel – but turned it into an intimately familiar milieu.

Susannah, fun-loving and presumably virginal, lives with a protective older brother and bathes in a secluded part of tha local creek. Puritanical church elders chance upon her in the nude, and browbeat a young simpleton into saying she seduced him. The valley's new psalm-singer comes to pray with her, rapes ber instead, and is shot by her brother.

The townspeople try unsuccessfully to drive Susannah away – but in John Dew's Berlin staging, the Stygian-clad congregation stone her with a barrage of Bibles.

Thomas Gruber's arresting unit-set clusters seven big television monitors on high masts, with one constantly shifting eye filling each screen: nothing in Hope Valley goes undetected by anybody. The creek – where the valley's fundamentalist Christians calculate auccess by the number of total-immersion baptisms – runs down the middle of the stage; upstage, ready-made but never ignited, waits a potential witch's pyre.

Dew may have come a cropper at Covent Garden and in the US in the 1980s, but in *Susannah* his work is as effective as his three brilliantly rollicking Mozart productions in Leipzig. The Swiss conductor Marie-Jeanne Dufour – who, in Meiningen, has become Germany's first female *Generalmusikdirektor* – conducts a tight orchestral ship.

Karan Armstrong, Dean Peterson and Stefano Algieri stand out in an evening generally reinforcing Anatole France's sardonic observation that religion has done love a great service by making it a sin. Only Donna Perilli's dancers, trying valiantly to cope with American barn-dance steps, seem merely dutiful.

Further performances on February 25, March 6, 15, 25, May 16 and 19.

Theatre/**David Murray**

Fragmented Welsh lives

Peter Gill is a director with a distinguished track-record, but he is also a playwright of parts. Fourteen parts, indeed, in *Cardiff East*, his new play at the Cottesloe: all played with searching sympathy, under Gill's own direction.

They all live on a housing estate in that place, which is Gill's hometown – most of them long-term, and many of tbem related to each another. We watch and listen to them, in telling fragments, through 24 hours. Tha actors rarely leave the stage, but merely retreat to sit at the back when not needed. Though naturalism reigns in their dialogues, the staging is minimal: a fine, sad, panoramic backdrop by Alison Chitty, but otherwise just intermittent furniture – a bed and a few wooden chairs, with changes of light (sensitively devised by Andy Phillips) to indicate new scenes.

There is no plot, nor any overripe Welshery. We simply discover these peopla little by littla, through snapshots, brief monologues and longer scenes, often dovetailed together. Theatrically speaking there is a sort of "plot", in the sense of something which continually teases our attention: it takes a long time to work out who is related to whom, and how, and exactly what difference that might make. The cast-list in the programme-book is seriously confusing – but that is equally part of the plot.

The first (longer) half of the play is a steady flow of instant portraits and linked dramatic vignettes: a kind of "symphony", as the term was used by populist *avant-garde* filmmakers between the wars. Again the milieu includes people who live from part-time work to none at all, going steadily under and meekly off their heads.

As scene melts into scene, one'a appetite for knowing more and more abont these people is constantly whetted, even for the ones one would avoid in real life. Gill picks no crisis-points to show them off, but his scrupulous writing ensures that his actors can inhabit their roles completely. Without flashy dramatics, each and every one of them rings true and resonates further.

The second half is dodgier, though we maintain a loyal interest. Merely to extend the "symphony" might be disappointing, so Gill branches out. We get a multiple scene where all the characters pursue their chosen entertainments at different venues; there is a dramatic Big Event; the two leading boys progress from a spot of mutual masturbation in Act 1 to real adolescent passion, and we learn a bit more – tantalisingly, not enough – about their involvement in the death of a friend, whicb we know has wrecked his parents' lives.

Though Gill-the-director has staged all that with perfect tact, Gill-the-playwright has freighted it dangerously. Besides the sudden surge of theatrical intensity, his ex-priest Michael (Kenneth Cranham in uncommonly benevolent mode), a tower of quiet strength in Act 1, becomes sententious with his autobiographical reflections, pertinacious political digs and proud Cardiff historicising.

Why was this rich but provisional script already in print (Faber & Faber) when *Cardiff East* opened? Though Gill's characters are beautifully and penetratingly imagined, their play still wants a better form.

At the Cottesloe Theatre until further notice, with a visit to Cardiff's New Theatre between April 8 and 12.

Ballet

Dance in a good cause

Rambert Dance Company is embarked on a regional tour. The repertory comprises recent stagings plus a new piece by Christopher Bruce – *Stream* – which I saw on Wednesday night at the Apollo Theatre, Oxford.

Stream is one of those plotless yet morally well-intentioned dance-works that I suppose I ought to like more than I do. I know that it is selling flags for a good cause, but I cannot work out what it is. One good cause might be better clothes for the cast, who wear Marion Bruce'a unappeelingly blotched basic tights. These look as if colours had run amok in the washing-machine, with the dancers trying to brave the whole thing out in the name of design.

The accompaniment by Philip Chambon is electronic, and it roars or whispers as the mood takes it.

The mood takes the dancers (6 male; 6 female) into duets and quartets which seem faintly ethnic, even animalistic: there is quite a bit of watchful gazing over the plains and sporting around as if ahaggy pelts were in the offing.

It is all tremendously well-meaning – a strong wind from Kylian-country blows throughout – and it bored me to sobs. Not so the Oxford audience, who greeted it with roars of delight and those curious Bantu shrillings which now seem part of public approbation at dance performances.

It was doubtless the proper reaction – your critic wrong again – to a piece about whose emotional credentials (if not choreographic verve) there can be no doubts.

The programme also included Bruce's Rolling Stones romp, *Rooster*, and Kim Brandstrup's *Eidolon*. This looks as intriguing as ever – dream-illusion giving way to waking disillusion – with scora (Kim Helwig, atmospheric and dramatic) and dance perfectly attuned. Serious stuff.

Clement Crisp

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Radio Filharmonisch Orkest: with conductor Gennady Rozhdstvensky, soprano Alison Hagley and mezzo-soprano Catherine Wyn-Rogers perform works by Britten and Shostakovich; 11am; Feb 16
● Radio Kamerorkest: with conductor Ton Koopman and violinists Marieke Blankestijn and Arvid Engegard perform works by Mozart, Chr. Cannabich and K. Cannabich; 8.15pm; Feb 16

BERLIN

EXHIBITION
Alte Nationalgalerie Tel: 49-30-209050
● Adolph Menzel (1815-1905): Between Romanticism and Impressionism: retrospective exhibition featuring 130 paintings, drawings, pastels and watercolours by Adolph Menzel, one of the leading German artists in the second half of the 19th century. In addition to many of Menzel'a acknowledged masterpieces the exhibition includes numerous sketches and drawings depicting bourgeois lifa in Berlin, Menzel's family circle and landscapes in and around the Prussian capital; to May 11

CONCERT
Konzerthaus Tal: 49-30-203090
● Sinfonieorchester des Mitteldeutschen Rundfunks: with conductor Peter Schreier, soprano Ellen van Lier and the Chor des Mitteldeutschen Rundfunks perform works by Schmidt; 8pm; Feb 17

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Eugene Onegin: by Tchaikovsky. Conducted by Jiri Kout, performed by the Deutsche Oper Berlin. Soloists include Ute Walther, Eva Johansson, Nadja Michael, Kaja Borris and Lenus Carlson; 7.30pm; Feb 18

CHICAGO

EXHIBITION
Museum of Contemporary Art Tel: 1-312-280-2660
● Art in Chicago, 1945-1995: exhibition presenting an historical survey of the art made in Chicago in the years 1945-1995. The exhibition features approximately 150 works by 135 artists in all media and includes a supplementary exhibition of documentary and archival information covering film and video, performance, audio and computer-assisted arts; to Mar 18

OPERA
Civic Opera House & Civic Theatre Tel: 1-312-332-2244
● Turandot: by Puccini. Conducted by Bruno Bartoletti, performed by the Lyric Opera of Chicago. Soloists include Gabriela Schnaut, Ben Heppner, Kallen Esperian and Alexander Anisimov; 7.30pm; Feb 18

DRESDEN

OPERA
Sächsische Staatsoper Dresden Tel: 49-351-49110
● Die Bassariden: by Henze. Conducted by Metzmacher and performed by the Staatsoper Dresden. Soloists include Sippola, Brohm and Jahns; 7pm; Feb 16

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
● Maxim Vengerov and Itamar Golan: the violinist and pianist perform works by Mozart, Schubert and Brahms; 7pm; Feb 18

MADRID

EXHIBITION
Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062
● Archivo Juana Mordó: retrospective of work by the Mexican artist, famous for his large-scale public scuptures. On display are 45 paintings, 50 drawings and 12 bronze sculptures; to Apr 8

MUNICH

EXHIBITION
Kunsthalle der Hypo-Kulturstiftung Tal: 49-89-224412
● Karl Schmidt-Rottluff: retrospective exhibition of work by tha Garman expressionist painter, featuring 70 paintings, 60 watercolours, 50 drawings and 15 sculptures; to Mar 31

OPERA
Prinzregententheater Tel: 49-89-4706270
● Vesperae: by Monteverdi. Conducted by Gerd Guglhör and peformed by the Orpheus Chor München. Soloists include Priska Eser-Streit and Mona Spängele; 8pm; Feb 18

NEW YORK

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Aida: by Verdi. Conducted by Charles Mackerras, performed by the Metropolitan Opera. Soloists include Sharon Sweet, Stefania Toczyska and Michael Sylvester; 8pm; Feb 17

PARIS

CONCERT
Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50
● Ensemble Orchestral de Paris: with conductor Jerzy Semkow and pianist Jean-Bernard Pommier perform works by Weber, Beethoven and Schumann; 8.30pm; Feb 18

EXHIBITION
Musée d'Orsay Tel: 33-1 40 49 48 14
● Auguste Préault (1809-1879): exhibition devoted to the work of the French sculptor Auguste Préault, whose bronze and stona sculptures show influences of Realism and Romanticism; from Feb 18 to May 18

STRASBOURG

OPERA
Palais da la Musique et des Congrès Tel: 33-388 37 67 67
● Carmen: by Bizet. Conducted by Didier Lucchesi and performed by tha Choeurs et Orchestre Opéra Eclaté; 8pm; Feb 15

STUTTGART

OPERA
Staatstheater Stuttgart Tel: 49-711-20320
● Anacréon ou l'Amour fugitif: by Cherubini. Conducted by Gabriele Ferro and performed by the Staatsoper Stuttgart. Soloists include Nagore, Gruber and Klinik; 7.30pm; Feb 15
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Kulka and performed by the Staatsoper Stuttgart. Soloists include Probst, Hölle and Keating; 5pm; Feb 16

VALENCIA

CONCERT
Pelau de la Música I Congressos Tel: 34-6-3375020
● Enrique Rioja and Vicente Campos: performance by the trumpeters, accompanied by organist Bernhard Gfrerer. The programma includes works by Vivaldi and Stoelzel; 11.30am; Feb 18

WASHINGTON

EXHIBITION
National Gallery of Art Tel: 1-202-7374215
● The Victorians: British Painting in the Reign of Queen Victoria (1837-1901): exhibition of 70 paintings highlighting the artistic achievemant of British painters during the reign of Queen Victoria, depicting the social landscape in a period when Britain was the world'a most technologically advanced country. The exhibition includes works by Whistler, Sargent, Leighton, Turner, Madox Brown, Rossetti and Holman Hunt; from Feb 16 to May 11

OPERA
Eisenhower Theater Tel: 1-202-467 4600
● La Finta Giardiniera: by Mozart. Conducted by Patrick Summers, performed by The Washington Opera. Soloists include Michael Myers, Katerina Beranova, Joyce Guyer, Gregory Schmidt, Michaela Gurevich, Laura Claycomb, Beth Clayton and Victor Benedetti; 7.30pm; Feb 15

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Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

Political economy

If the Bank of England wants greater independence from the politicians, it must learn to behave more sagely

The Bank of England is at risk of making a fool of itself. It reckons Kenneth Clarke is not being respectful of economics. But the manner of its dispute with the chancellor has exposed a certain naivety.

This matters more than just for the moment. The Bank has struck a deal with Gordon Brown, the shadow chancellor, which would put it on the path to independence in the event of a Labour victory at the general election. The agreement will stick, though, only if it learns more of the business of politics.

In the Bank's view, grubby electioneering has got in the way of the interest rate rise needed to prevent the economy from overheating. Kenneth Clarke has conveniently put to one side his own maxim that good economics and good politics are indivisible.

At three consecutive meetings Eddie George, the Bank governor, has called for a small increase in borrowing costs. Each time the chancellor has said no. What started as a minor squall has somehow blown up into a nasty storm.

The dispute has confirmed that the present arrangements have outlived their usefulness. Whatever its colour, the next government will have to reshape the process. But recent events have also raised a question over the Bank's capacity to take a sufficiently rounded view of the economy to earn the autonomy it craves.

The best central bankers are uncompromising in their rhetorical commitment to sound money, but pragmatic in deed. There is more to economic management than squeezing out inflation. As Mr Clarke will remark in unkind moments, any fool can prevent prices from rising by driving the economy into the ground.

Democratic governments must be as concerned that the economy grows at its potential as to foster price stability. It is a balance well struck by Alan Greenspan at the US Federal Reserve. The Bank, of course, does not have the room for manoeuvre that comes with independence. But its anti-inflation zeal is beginning to sound obsessive. Its clarion calls are disproportionate to the size of the interest rate increase it seeks.

On the issue of whether rates should rise by ¼ percentage point from the present 6 per cent, the Bank has a case. Its inflation forecast for two years hence shows prices rising at closer to 3 per cent than the Treasury's target of 2.5 per cent.

There are plenty of signs of robust growth in the real economy. The Bank is worried too about Mr Clarke's sometimes cavalier attitude. He was unwise recently to liken the inflation target to a rather looser aspiration to lower taxes. Yet in seeking so small an interest rate rise, Mr George implicitly admits the inflation warning light is at amber rather than red. His advice falls well inside the usual margins of error in economic forecasting.

The Bank is stubbornly reluctant to acknowledge a significant impact from sterling's appreciation. Beyond a one-off fall in the price level, it expects only a small deflationary impulse from sterling's 16 per cent rise since last summer. Five years ago the pound was the centrepiece of official policy. Now it is irrelevant. Membership of the European exchange rate mechanism is forbidden history.

> The Bank's anti-inflation zeal is beginning to sound obsessive, its clarion calls disproportionate to the size of the interest rate increase it seeks

Thus Mervyn King, the Bank's chief economist, dismisses as nonsense the notion of a rough equivalence between an appreciation in the exchange rate and increases in interest rates. Explaining the inflation forecast, he remarked that ready reckoners which purported to measure such a relationship were for those who had forgotten their first-year economics.

I fear that I was the subject of his admonition. But perhaps it was unfair to retort that I had first heard mention of these ready reckoners during visits to the Bank. Mr George would allude to them when he presented the Bank's Quarterly Bulletin during the late 1980s. So I look forward to joining the governor in Mr King's classroom.

I happen to agree that sterling's rise is unsustainable. The higher it goes, the more rapid will be the eventual fall. But in talking up interest rates the Bank has contributed to the appreciation. It also seems indifferent to the permanent damage an overvalued pound is inflicting on industry.

To be fair, Mr George does give speeches putting the goal of low inflation in the context of sustaining the economy. But overall the message remains too narrowly focused on the inflation mission. I do not recall a single mention from Mr King of the importance of sustaining output.

Perhaps the Bank is already looking beyond the election. After initial doubts, it is said to have agreed that if Labour forms the next government, it would move swiftly to set up a new monetary policy committee to formulate its monthly interest rate recommendations.

The deal was clinched at a meeting between Mr George and Mr Brown. Several independent experts would join the relevant Bank officials on the new committee. These outsiders would formally be appointed by the Bank but on the basis of close consultation with (and, perhaps, recommendations from) the new chancellor. The change would democratise and depersonalise the Bank's advice.

There would be other immediate changes to restore credibility to the monthly discussions between chancellor and governor. The dates, for example, would be announced long in advance, and the outcome relayed to the markets immediately after each meeting.

For the Bank this would be an important step on the road to operational independence. The deliberations of the monetary committee would initially remain secret. But the presumption would be that, once the Treasury conceded control of interest rates, the minutes would be published.

This offer of independence is conditional, however. Mr Brown wants to be convinced that the Bank is ready to widen its horizons. He intends to reaffirm the 2.5 per cent inflation target, but the monetary committee would be expected to operate within a range of 1 per cent to 4 per cent. Its new remit would be to avoid deflation as well as to contain inflation.

There is a bigger challenge. The autonomy of the Bank's cousins in the US, Germany and elsewhere is founded on popular consent. Mr George needs a comparable constituency in the country. Without this political legitimacy, the prize of independence will be lost before it is won.

LETTERS TO THE EDITOR

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Wide impact of currency shifts

From Mr Piero Sierra.

Sir, Peter Martin (Global Investor, February 10) touches an essential point in underlining the apparently erratic influence of currency fluctuations on globalised companies.

Foreign exchange movements and trends have a wide variety of consequences on multinationals. It is incorrect to assume the existence of simple relationships between the meanderings of a single national currency and shareholder value. Exchange rates have different impacts on:

- Consolidated results, according to the basket of profit or loss contributions by local subsidiaries.
- Consolidated results, through positive or negative effects of local currency fluctuations on the overall business environment in single countries.
- Consolidated balance sheet assets, according to the basket of local net assets.
- Consolidated results, according to the worldwide netting of currency exposure on trading and financing items.

Many of these effects interact with one another. Very few can be hedged. Each global company has its own specific risk/opportunity profile. Shareholders could well use a standard sensitivity grid that would quantify the true effects of actual and foreseen currency scenarios on shareholder value. Bourses, financial analysts and financial publications would do well to shed more light on these aspects.

Piero Sierra,
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Culture that hinders democracy

From Mr George Schopflin.

Sir, Your leader "Balkan cheer" (February 6) is persuasive in rejecting crude cultural determinism, but it overstates its case by discarding cultural explanations entirely. Cultural factors can be illuminating, if it is understood that no culture is made up of just one strand. In south-eastern Europe, there are indeed various cultural currents, but on balance those suspicious of the bases of democracy tend to predominate.

The result is that civil society, rule of law, compromise and self-limitation tend to be outweighed by collectivism, dependence on hierarchy, political inexperience and impatience. Authoritarianism has resonance. Not everyone is a natural democrat.

The outcome is what we can see. The democratic institutions of the region are in place but do not work very well. This can change but only over a much longer period than the seven years since the fall of communism. The policy implications for the west are that democratic currents *should* be supported, but there should be understanding of the uphill struggle faced by democrats in the area.

George Schopflin,
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Status cost

From Mr G.A. Hodgson.

Sir, Your Lex columnist is somewhat disingenuous in saying ("Football", February 12) that "EU citizens are no more entitled to watch big sports events for free than they are to watch Pavarotti or Madonna for free".

It may be so, but Pavarotti and Madonna are individuals performing on their individual behalf. National football teams purport to represent the entire nation, which must surely have some right in exchange for conceding that representative status. There is a better case than that which Lex concedes for showing showcase events.

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Registry role not costly

From Mr John S. Holden.

Sir, The Federation of Small Businesses has called into question the role of Companies House ("Small companies attack lack of checks on data", February 11). It is right to say we enforce the law in the same way for big companies and small. That, after all, is what the law requires. It is right to suggest we accept the bona fides of documents registered with us, except where obviously defective. Our primary role is as a registry.

We do, however, enforce compliance with Companies Act requirements through late filing penalties and prosecution of directors. The remedy for fraud lies elsewhere.

The federation is way off-beam in suggesting we are costly to do business with. Filing accounts costs nothing – unless they are late. The annual return fee dropped from £32 in 1994 to just £15 last October. The fee for incorporation fell from £50 to £20 over the same period.

To introduce checks to validate the quarter-million changes of registered office address each year and more than 1m changes of directors would add to costs and undermine efforts to reduce the regulatory burden on business. It would also be a great irritant for the law-abiding majority.

John S. Holden,
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Turkish premier's moves designed to play for time

From Mr Muammer Kaylan.

Sir, John Barham's "Generals grow restless in Turkey" (February 7) omits the reasons why Mr Necmettin Erbakan, the Islamist premier, backs down when sabres start rattling.

Mr Erbakan's old habit is to test the ground first and then, if conditions are favourable, to advance for his cause. As a fundamentalist, Mr Erbakan is an enemy of the secular republic and the reforms of Kemal Atatürk, the founder of modern Turkey. As such, he plays for time to gain more support for the Islamic Refah party and thus achieve a clear majority in the National Assembly.

Mr Erbakan and Refah have divided the Turks into two camps, the Islamists and the Secularists. He has been clipping the secular reforms step by step while flirting with the pariah Islamic regimes. Since the armed forces are the guardians of Atatürk's reforms and the secularity of the state, Mr Erbakan's next important step will be to infiltrate the army. The army brass, also considering what happened to Iranian generals after the ayatollahs toppled the Shah's regime, are right in feeling nervous.

The brass have so far been patient and tolerant. Yet, in Turkey alarm bells are ringing and the solutions to this dilemma are rather limited, short of the fourth military takeover since May 27 1960. If so, Mr Erbakan, along with the bankrupt politicians of Turkey, will carry the burden of the blame for the loss of democracy.

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Europa • Janusz Onyszkiewicz

In step for the march east

Nato's attempt to forge ties with Russia must not leave its neighbours on the sidelines

The process of Nato enlargement is entering a decisive stage. In July the Nato summit in Madrid will agree a list of "one or more" countries from eastern and central Europe to be invited to join the alliance. This will set a crucial process in motion – only something like a political cataclysm will be able to stop it.

This atmosphere of urgency is inspiring Nato to intensify efforts to establish a solid framework for co-operation with Russia. This should take the form of a security charter. Some questions, however, arise concerning the nature and contents of this charter.

One is over its legal form. There are good reasons why it should not be drawn up as a treaty. Nato, unlike the European Union, is not an entity in international law. Thus Nato as a whole would probably not be able to sign such a treaty.

This in turn means the charter would have to be ratified by all Nato member states. Such a long, complex procedure would require a document with little latitude for interpretation.

It would also have to be ratified by the Duma, the lower house of the Russian parliament, which is not necessarily a simple or trivial matter. The majority of Russian parliamentarians are reluctant to do anything that would maintain the existence of Nato or expand its role in a European security system.

A much better and simpler solution would be for the charter to take the form of a bilateral political declaration between Nato and Russia, accompanied by real steps to adapt co-operation to a changing security situation.

Another issue is the problem of timing. An awkward situation could arise if the charter is signed at the Madrid summit and immediately comes into force.

The charter will give Russia access to various Nato committees and other bodies, allowing it to exert influence on the alliance's decisions. But the countries invited to join Nato will still be treated as non-member countries until their formal accession. Thus Russia would have a stronger role in Nato than the countries which hope to become full members in the not-too-distant future.

It could be argued that this would be the case for only two years or so – since it is assumed that all the legal requirements for enlargement will be met by the 50th anniversary of the alliance in 1999. But in politics a week can be a long time. Thus some transitional arrangement to strengthen the role of the countries aspiring to join has to be worked out.

This would have the added advantage of giving the candidate countries experience in working in the alliance's multilateral framework. It would also reassure public opinion in those countries that there is no secret dialogue between Nato and Russia behind their backs.

Equally important, talks should begin between Nato and Ukraine with a view to signing a similar charter. This would indicate the alliance's support for helping Ukraine consolidate its independence.

The main problem being debated inside Nato is what status to give Russia in Nato's structures and how much influence should go with it. Russia has succeeded from the beginning in creating the impression that co-operation with Nato amounts to a gesture of goodwill which requires concessions in return.

In fact Nato's offer to work out such an agreement is a historic move which should be eagerly grasped by Moscow. A refusal to co-operate would be a serious mistake, which sooner or later would be lighted upon by Russia's voters. They, all opinion polls indicate, are for international co-operation and against confrontation.

Thus Moscow's decision is not a question of making gestures towards Nato, but of serving Russian national interests – which, in this case, coincide with the interests of the rest of Europe and the US.

Political manoeuvres: Javier Solana (left), Nato secretary-general, with Igor Rodionov, Russia's defence minister

Russia claims Nato enlargement will severely affect its security interests and hence should be subject to consultation. But in May 1992, Russia signed a defence treaty in Tashkent with five other former Soviet republics. The treaty is a replica of the Washington treaty constituting Nato, and contains the same security guarantees.

The Tashkent alliance has grown since then, with Belarus joining in 1993. There was no consultation with other countries. Poland could easily point out that a powerful military alliance had emerged on its border, but no comment was made out of respect for the sovereign status of Belarus.

It is, incidentally, intriguing to try to fathom why the Russians think Nato with Poland as a member constitutes more of a security problem than the status quo. Poland is concerned to maintain good relations with all its neighbours, including Russia. Any tension between Nato and Russia would be detrimental to Poland's most vital national interests. Thus a Nato that includes Poland will be even more interested to good relations with Russia than otherwise would be the case.

Talks between Nato and Russia can shape the future European security framework. Everybody should be deeply interested in a democratic, non-imperial Russia, in a Russia that has no reason to feel isolated and threatened.

It is, however, crucial to realise these talks should be as transparent as is diplomatically feasible. The countries of central and eastern Europe still live with the memory of decisions taken over their heads at Munich and Yalta. This is also why the idea of a conference on Nato enlargement of the Big Five (US, UK, France, Germany and Russia) has raised spectres which everyone would like to see deeply buried forever.

The author is former defence minister of Poland and head of the Euro-Atlantic Association, a pro-Nato think-tank

COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday February 14 1997

The impact of governance

Throughout the OECD area policymakers have been paying increasing attention to corporate governance. Yet in exploring the international dimension of the subject the OECD secretariat in its latest reports on Japan and France raises exceptionally difficult issues. Tha most basic concerns the question of whether good governance can confer competitive advantage on countries as well as on businesses.

On the face of it, the correlation between good governance and economic performance is far from clear. By Western standards the often geriatric 'insider' boards of big Japanese companies, with their largely ceremonial meetings, are woefully devoid of checks and balances. Yet the culture of the country, together with the success of Japanese banks in addressing managerial failure, offers other safeguards.

The widely admired German two-tier board system has not prevented high-profile corporate scandals. And in practice the German growth rate over the past decade and a half has more or less converged with that of the US, France, Italy and the UK. Given the exceptional boost to the economy from unification, this amounts to a rather negative verdict.

All governance systems suffer from flaws of one kind or another. Corporate governance anyway reflects wider national characteristics. The *président directeur général* in France, for example, enjoys centralised power within a syatem of heavily concentrated ownership that would have been entirely comprehensible to Louis XIV.

In Britain the vestiges of class division can be seen in the antipathy of managament towards worker representation in the boardroom and even, in some cases, to consultation.

There is a justifiable presumption that the insider systems of Germany and Japan favour long-termism, while the outsider approach in the English-speaking economies leads to short-termism. Yet the respective advantages and disadvantages appear to be offset by equal and opposite variations in the productivity of capital.

The degree of competition in product markets is probably of greater importance for industrial efficiency than governance. But it also aeems clear that Japan, to take the obvious example, has in the past derived a form of national competitiveness from its cohesive culture. Small wonder that the OECD'a attempt to squeeze the Japanese system into the Western principal-agent model of the company in its recent report reads oddly at times.

Even some Anglo-Saxons would hlench at its call for a wider use of stock options, which not only ignores the nature of Japan'a cultural advantage, but substitutes a one-way bet for real incentives.

Hope in Sofia

The news from Bulgaria has been bad for so long that it is a relief to welcome the formation of a new caretaker government. Mr Stefan Sofianski, the premier, proved to be one of the most capable opposition leaders as mayor of Sofia. He also belped to calm emotions during the recent month of street demonstrations.

He was chosen by Bulgaria's recently elected president, Mr Petar Stoyanov, who has also emerged as a positive, moderating force. Much now depends on their ability to ensure that emotions are kept under control during the forthcoming general election campaign. This should be an opportunity for all parties to concentrate on telling voters how they intend to deal with the country's deep economic crisis, not an opportunity for divisive witch-hunts and calls for revenge.

The stop-gap government's main technical task will be to work closely with the International Monetary Fund and other potential sources of economic support to prepare the ground for the prompt introduction of reforms, including a currency board to stabilise the lev, after the elections.

The omens for success in these important tasks are now reasonably good. The caretaker government is the fruit of compromise between the former ruling socialist party and the opposition after years of growing polarisation. It is a non-party administration with aome socialist memhers, empowered with greater negotiating rights than normally given to a caretaker government.

This is important because these are not normal times. The country has virtually run out of foreign currency reserves and the ability to finance even essential imports such as oil and grain. Above all, Bulgaria faces another default on its $10bn foreign debt by July unless it can find $135m to service it.

Fortunately, all parties now accept that the key to staving off default is the estahlishment of a currency board, which effectively takes monetary management out of the hands of the government. The idea was floated by the IMF, backed by the World Bank last November.

It is now up to Bulgarians themselves to seize the chance for a new political start offered by the elections. If a sober election campaign demonstrates a willingness to make the sacrifices needed to underpin reform, the international financial institutions stand ready to help. The European Union has expressed willingness to help: the most important way it can do this is by helping to build a modern public administration to fill the vacuum which followed the collapse of communism.

Rotten apple

Pity Mr Gordon Brown. The tight financial targets of the Labour party's shadow chancellor leave him with nothing juicy to offer voters, except the odd windfall.

Yesterday he made the best of it and confirmed that if his party wins the election he will commit at least £3bn to schemes to alleviate youth and long-term unemployment, to be financed by a misnamed windfall tax on privatised utilities.

The aim of reducing unemployment of vulnerable groups is laudable; and tha money, it will be argued, has to come from somewhere. Moreover, despite the outcry from some Conservatives and free market economists, the City has taken the proposals remarkably calmly. Even rumours that the total take might reach £10bn have failed to put investors to flight, although Labour's plans must be partly reflected in current share prices.

There seems little argument that most utilities could afford a one-off impost, in many cases by increasing borrowing. Mr Brown is now confident that such a tax would be unlikely to fall foul of EU or UK law.

Despite these temptations, however, this tax is misconceived. It also suggests a worrying failure hy the Labour party to understand the balance of incentives needed to get the best out of the privatised utilities, or why, despite a few failures, privatisation has delivered very large benefits to consumers and to tha economy.

Even if it is true that some industries were privatised too cheaply and that regulators initially underestimated the scope for efficiency gains, those errors were in the past. It would be unfair to penalise present shareholders for them. Regulators have heen taking a tougher stand in recent reviews, setting prices intended to provide a return on capital of no more than about 7 per cent.

But utilities must be allowed to make higher profits, if they can find unexpected waya to become more efficient. This incentive has so far hrought lower prices to consumers in most industries and much increased tax revenues as well as higher profits. By confiscating such gains, Labour will weaken the drive to efficiency and might raise the cost of capital. Ultimately this will be reflected in higher prices for consumers, since regulators will set prices to restore adequate pre-tax profits to levels needed to finance investment plans.

It is too late to expect Labour to abandon the tax. But in the absence of a superior scheme for regulating the ntilities, it should remember what a windfall really is – a small item to be picked up and pocketed without damaging next year's crop.

Weighted against outsiders

GKN is the latest in a string of UK engineering companies facing large damages in US courts, write **Tim Burt** and **Robert Rice**

When ths board of GKN, one of the UK's largest engineering groups, meets this morning to discuss current trading and future strategy, the routine agenda is likely to he overshadowed by events in a distant US courtroom.

GKN, which makes automotive components and defence equipment, is expected next month to announce snme of the highest profits in the UK engineering industry, up from £322.4m ($525m) to an estimated £365m. But directors' minds are likely to be on events in North Carolina, where a federal judge may later today award $740m in damages against the company.

Although investors have reacted with dismay to the potential threat – the shares have fallen 100p or almost 10 per cent since it emerged – GKN is not the only large engineering company in such a predicament. Of the UK's 12 largest eogineering companies, balf have recently settled or remain emhroiled in multi-million dollar US lawsuits.

The GKN case is thought to be North America's largest commercial damages claim against a single UK company. A jury sitting in Charlotte has already decided that Meineke Discount Mufflers – GKN's specialist US exhaust retailer – was guilty of fraud, breach of contract and negligence in its handling of advertising payments by the franchisees.

The dispnted sum was originally just $31m, so GKN was stunned when the jury last December calculated the compensation at $196.9m (see right) and awarded a further $150m in punitive damages. Under North Carolina's Unfair Trade Practices Act, moreover, tbat compensation could now be trebled.

Today Judge Robert Potter will hear lawyers representing the disgruntled franchisees press for record compensation – taking the total to $739.8m.

Most US lawyers wonder why GKN did not settle before it got to court. Mr David Shapiro, a US mediator who was involved in many of the US mass tort cases of the past 20 years, says a foreign company, unlikely to get a sympathetic hearing hefore a parochial US jury, is usually advised to play safe and settle.

"They probably could have settled for peanuts going in," be says.

GKN maintains it did not settle because its legal advice was that damages would not be material. But Mr Wayne Mack, a partner of *Duane Morris & Heckscher*, the US law firm acting for the Meineke franchisees, is not convinced by that.

"We know GKN claims to be surprised by the amount, hut there was an expert report by KPMG Peat Marwick a year ago which put the damages at this level. Maybe they just chose to disbelieve or ignore it."

GKN has described the verdict as "extraordinary". It plans to appeal and demand reduced damages from Judge Potter – who may defer his ruling until next week. But other UK industrial groups have been involved in similarly time-consuming lawsuits over allegations including fraud, theft and deception.

Johnson Matthey, the metals and engineering group, has been accused by General Motors of stealing precious metals used in making catalytic converters. TI Group, the engineering company, is being sued by the US justice department for allegedly inflating components costs to defraud the US Air Force.

T&N, the motor components company, is seeking a Supreme Court ruling on a class action involving asbestos victims. It is also facing calls for a retrial over alleged asbestos contamination at Chase Manhattan Bank's New York headquarters.

Lucas Industries, the car parts and aerospace group that is now part of LucasVarity, settled a lawsuit brought by the Pentagon for £55m in 1995. And engineering group BBA earlier agreed to pay $19.8m to Tilton Engineering of California for an alleged patent infringement. It decided a US jury was unlikely to be sympathetic to an overseas company and settled out of court.

"It is hostile country," says Mr Vanni Treves, chairman of BBA and senior partner of Macfarlanes, the City of London law firm. "US juries are sometimes xenophohic and usually unpredictable. The awards can be mountainous; and the cost of litigating class actions in 51 jurisdictions against lawyers on contingent fees is huge."

Furthermore, the knock-on effect from losing a high-profile lawsuit – even when subject to appeal – can undermine a company's share price and drain its cash reserves.

Mr Robert Speed, research director at Henderson Crosthwaite, estimates that if GKN was forced to pay out the maximum $740m it could reduce the group's cash funds for acquisitions by 50 per cent. "Before, they could have done a £700m deal without recourse to shareholders," he says. "This could change everything."

Other engineering companies, meanwhile, are watching the case for any lessons on how to avoid similar problems. Johnson Matthey, in particular, is thought to be tracking events in North Carolina closely.

The engineering and precious metals group is waiting to hear whether a court in Wisconsin will allow General Motors to seek "millions of dollars of unlawful profits that the defendants have misappropriated, trebled under racketeering legislation along with punitive damages, attorneys' fees and costs" over the alleged theft of metals.

The UK company has filed counter claims and Mr Gordon Thorburn, its company secretary, says such cases are merely an "occupational hazard" in the US.

But the cost to Johnson Matthey has been high. The loss of the General Motors contract cut profits in its catalytic systems division from £34.5m to £26.2m last year. If it were to lose the GM case, analysts claim it could unleash a wave of similar action from other customers.

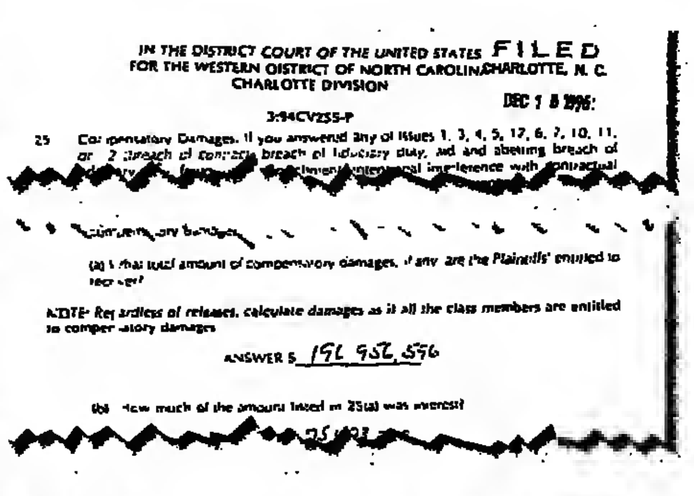
Some investment bankers claim these legal hazards have become a powerful deterrent to smaller companies contemplating US expansion. The search for legal skeletons has become a central part of the due diligence process by which companies scrutinise potential acquisitions.

Robert Fleming, the merchant hank, says one of its clients recently abandoned a US acquisition "despite seeing strategic value", after uncovering a potential liability.

"It shows that companies will pull back from a deal rather than trust the US courts," says Mr Geoff Zeidler, director of corporate finance at Flemings.

Where such deals do go ahead, financial advisers are now seeking exclusions from legal liabilities and considering asset swaps rather than outright acquisition. And if legal disputes arise, they are urging clients to seek private mediation where possihle.

But that trend may be of little consolation to GKN. Although it will appeal, the one-off provisions could still take a large chunk out of this year's profits. "This has been a horrible surprise," says one GKN director. "It is like walking through long grass and stepping on a rake. We got hit in the face and it will certainly hurt to have to write a big cheque."


IN THE DISTRICT COURT OF THE UNITED STATES FILED
FOR THE WESTERN DISTRICT OF NORTH CAROLINA, CHARLOTTE, N.C.
CHARLOTTE DIVISION
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NOTE: Regardless of releases, calculate damages as if all the class members are entitled to compensatory damages
ANSWER $ 196 956,596

Costly clash of cultures

A bill for $740m is an expensive way to find ont that operating under US law is totally different from operating in the UK. But it is a lesson many business executives entering the American market need to learn, according to US lawyers.

Not only is thc US culture far more litigious, the system and rules are different.

In the UK it is very difficult to recover punitive damages, and awards are set by judges who apply consistent principles. Treble damages are unheard of.

In the US punitive damages are common and awards are set by juries. Treble damages are a well-established fact of commercial life imposed in cases including anti-trust violations, racketeering and – increasingly – for unfair trading practices.

"Unfair trading statutes are common and are becoming more common – people should know the risks," says Mr Leo Herzel, a partner at Chicago's Mayer Brown & Platt.

US lawyers say foreign companies operating there need to check their levels of insurance cover and be aware that they can face treble damages. Foreign companies with US subsidiaries should also bear in mind that under US law it is much easier for them to be held liable for the activities of subsidiaries.

In GKN's case the jury felt the UK gronp had hecome ao involved in Meineke's operations it could be held directly liable. Such liability would not arise in the UK, where it is much harder to pierce the corporate veil.

Mr Wayne Mack of Duane Morris & Heckscher – the law firm seeking damages from GKN on behalf of the Meineke franchisees – says UK companies find themselves facing such lawsuits because they fail to understand the US system's vagaries.

"The penalties are mnch harsher over bere and companies end np in court hecause they don't realise we can sue the parent for a misdemeanour hy a small subsidiary," he says.

Mr Tom Engel of New York law firm Engel & McCarney, which is suing TI Gronp for $20m, says the threat of punitive damages persuades most companies to settle before the casa reaches court. "Something like 95 per cent of all cases never reach a jury; there is a real fear of the potential court damages."

Mr Herzel's advice to foreign companies operating in the US is to inclnde an arbitration clause in all commercial agreements.

That thought is echoed hy Mr David Shapiro, a US mediator. "Have a mediation clause as a precursor to arbitration and have an arbitration clause as a precnrsor to litigation. That gives you a chance of resolving disputes quickly and cheaply.

"'I'm going to fight this out to the last drop of my client's hlood.' How many times have I heard that?"

· OBSERVER ·

Not a leg to stand on

■ The new Japanese fashion for giving a little bit more rein to free competition has yet, it seems, to reach the wonderful world of sumo wrestling.

The Japan Sumo Association (JSA) – august regulator of the country's oldest sport – has smacked the wrists of top wrestlers for what it terms *mukiryoku* fights. Literally this means weak-kneed or listless, though it's a well-known euphemism for fights where one wrestler agrees to lose, in exchange for the promise of a return victory. Fans are fed up with this slack sumo; at last month's Tokyo tournament, there was an unusual failure to sell all seats for the second day's matches.

Fans and authorities have traditionally turned a blind eye to a little bit of match-fixing, especially on the last day of 15-day tournaments, when a wrestler with only seven wins needs an eighth to hold onto his ranking and avoid a pay cut. It is, after all, in tune with the Japanese post-war tradition that losers in all walks of life should be handled gently.

But alarm bells started ringing last year when a retired wrestler published a series of magazine articles claiming that match-fixing had gone well beyond the socially acceptable – even, it was alleged, in exchange for cash.

Now the JSA says it's high time top wrestlers were instilled with a sense of crisis. In future, judges will be scrutinising matches closely for examples of *mukiryoku* wrestling – another small piece of evidence that Japan is becoming a slightly tougher society.

Loco motive

■ You can't keep a good man down. Abdala Bucaram, the man who was so unceremoniously removed (on grounds of alleged "mental incompetence") from the presidency of Ecuador after just six months, is now planning to go on an international tour from next weekend. On his jaunt he'll explain why and how he was victim of what he calls a military-backed "congressional coup".

Bucaram intends visiting the US and several Latin American countries. He should get a warm welcome from Argentina's President Carlos Menem – they share Arabic family backgrounds – as Menem has denounced Bucaram's removal. "We have ordered our embassy in Ecuador not to attend the inauguration [of the new president, Fabian Alarcon]", said Menem.

Once he's back, Bucaram hopes to persuade half a million people to march on the presidential palace in Quito on February 26 and get himself reinstated. Wonder why he chose to call himself "El Loco"?

Italian dribbler

■ On Wednesday night the score was Italy 1, England 0, but off the soccer field the real victor of the World Cup qualifying football match was Vittorio Cecchi Gori, tha Italian film producer and owner of Telemontecarlo's two small TV channels. He outbid rivals for the Italian rights to transmit the game but was immediately demonised because his TV network only covered 75 per cent of Italy.

Two hours before the kick-off he agreed to let the RAI state television network transmit the game on a deferred basis after midnight. He then grandly waived a fee, telling RAI it should make a suitable donation to an old peoples' home and an orphanage in his native Florence, whose football team he owns. RAI had reportedly been offering around $1m.

On top of snubbing RAI, which has constantly belittled his chances of creating a third national TV network competing against state television and the Berlusconi channels, Cecchi Gori gained an advertising windfall.

Cecchi Gori already has had a jolly good start to the year. His latest film – *Il Ciclone*, a light comedy about a flamenco troupe performing in the Tuscan countryside – is proving a handsome success at the box office.

Next month may see him brought down to earth a bit, when he has to come up with the funds to back his costly winning bid for the next two season's TV rights for the Italian football league. He needs money and rumours of potential international partners are flying.

Down and out

■ A record number of Japanese were unhappy in 1996, according to a government survey, published yesterday. A combination of worries about joh insecurity and retirement led 22.5 per cent of respondents to say they were miserable last year, the highest percentage since the survey was first conducted in 1978, when the moaners amounted to 15.6 per cent of the total. The full-of-joy contingent last year amounted to 47.5 per cent, the lowest-ever figure; in 1978 they made up 56.7 per cent of the total. It also seems that those in their 30s have the gloomiest outlook; we blame watching too much slack-kneed sumo.

The Financial Times

50 years ago

Argentine Rail Deal
Immediate attention is being given by the Boards of the Argentine Railway Companies to the terms on which it will be proposed that the proceeds of the sale of the undertakings to the Argentine Government shall be divided among the various classes of loan and share capital. The agreement was signed yesterday at Buenos Aires. The terms of the agreement, which comprises 17 articles and a supplementary clause, show that the total of £150,000,000 for the railways and ancillaries will be paid to the Bank of England.

South African Coal
South Africa has become, with the U.S.A. and Poland, one of the three major exporters of coal in the world to-day. South Africa's coal production in 1946 was 25,890,000 tons, and this ontput was achieved with a labour force of 51,000 miners, of whom more than 90 per cent were non-European. The high level of annual productivity – 510 tons per man compared with about 278 tons per man in Great Britain during the same period – provides a measure of the natural advantages possessed by South African coal mining.

FINANCIAL TIMES
Friday February 14 1997

Spanish inflation drop boosts drive for Emu

By Tom Burns in Madrid

Inflation in Spain has fallen below 3 per cent for the first time since the late 1960s.

Mr Rodrigo Rato, the economy and finance minister, said yesterday Spain had started "a crucial year" on the "right foot" because the economy was "clearly on track" to qualify for the first wave of European monetary union in 1999.

"These are not epeculative bubbles. This is data and we are eimply meeting the required targets," Mr Rato said.

The dsta were published while the Organisatiou for Economic Co-operation and Development said France was "within reach" of the 1997 deficit target, one of the conditions for membership of economic and monetary union. But the OECD warned thet France migbt bave to make further budget amendments.

In lte annual economic report, the European Commission predicted that the economies of the 15 members of the Europeau Uniou would strengthen this year and next, underpinned by the etrict monetary and hudgetary policies governmeuts were pursuing before economic and monetary union.

Spanish prices rose 0.3 per cent last month from December, bringing the year-on-year headline inflatiou rate down from 3.2 per cent in December to 2.9 per cent in January.

The Madrid stock market index rose by more than 0.5 per cent on speculation thet the Bank of Spain could cut its benchmark interest rate today when it holds its 10-day repo auctiou for certificates. The Bank cut the rate by a quarter point to 6 per cent last month after the publication of lowered year-end inflation figures.

Jenuary's inflation was below the governmeut's expectetion of a 0.4 per ceut monthly rise. The core price index, which excludes volatile energy and fresh food components, ross by 0.3 per cant, below the forecast, to bring year-on-year underlying inflation down from 3 per cent in December to 2.8 per cent.

Spain's panel of independent economic experts predicted this week thet domestic inflation would he within the 2.8 per cent rate they believed would be the single currency'e qualifying limit. The Maastricht treaty on Emu specifies that inflation must be no more tban 1.5 percentage points above the average of the EU's best three performers.

Stefan Wagstyl adds: Mr Umberto Agnelli, the senior Italian industrialist, yesterday tried to dispel pessimism about Italy's readiness for joining Emu in the first wave. Mr Agnelli, chief executive of Ifi, the holding company through which the Agnelli family controls the carmaker Fiat, said Italy was more likely to join monetary union today than it was six months ago.

EU johs market push, Page 4
Editorial Comment, Page 11

Top-level N Korean defector seeks talks in South

By John Burton in Seoul

A top-ranking North Korean official says he has asked for asylum in South Korea in an attempt to promote "reconciliation and unification" by holding talks with officiale in Seoul.

In a letter released by South Korea yesterday, Mr Hwang Jang-yop acknowladged: "People will judge that I am mad. But the question is: am I the only mad person?"

The exploit of Mr Hwang, who served as a senior adviser to North Korean leader Kim Jong-il, is reminiscent of the effort by Hitler's deputy Rudolf Hess, who flew to Scotland in 1941 in a bizarre attempt to and the war.

In his letter, written on Wednesday after he fled to the Sonth Korean embassy in Beijing, Mr Hwang said he had agonised over his decision to defect and asked his family and friends in North Korea to regard him as dead.

Chinese police threw a protective cordon around the embassy where Mr Hwang, 73, remained while North Korean agents waited outside.

Efforts to arrange a safe passage to Seoul remained blocked due to Chinese unhappiness over South Korean efforts to publicise the defection. The incident has placed China in an awkward position since Beijing, mindful of its traditional frieudship with Pyongyang, usually refuses to allow North Koreans to escape directly to South Korea.

Mr Hwang levelled his harshest criticism at the government he has long served. He attacked those in the North who talked of turning South Korea into e "sea of fire", asking: "Can this be the behaviour of sane people?"

And referring to the North's severe food shortage, he added: "How could you call people sane who loudly talk about building an ideal society for workers and farmers while workers and farmers are starving?"

Although the hand-written latter appeared geniune, doubts remain about another letter purportedly written by him and published yesterday in an influential conservative uewspaper, Chosun Ilbo.

The letter condemned recent labour disputes while urging Seoul to strengthen the powers of the military and the intelligence service in an apparent endorsement of hardline policies adopted by Mr Kim Young-sam, the South Korean president.

The main oppositiou party suggested the letter might be part of a government campaign to use the defection to divert public atteution from the Hanbo Steel loan scandal.

Alitalia losses put $1.8bn rescue plan in jeopardy

By Emma Tucker in Brussels

Higher-than-expected losses at Alitalia, the Italian state airline, will make it difficult for the European Commission to approve unamended a government plan to restructure the loss-making flag carrier with L3,000bn ($1.8bn).

This week's declaration by Mr Carlo Azeglio Ciampi, treasury minister, that the airline's losses are expected to reach L1,300bn, is understood to have put approval of the rescue plan in jeopardy. The plan is being scrutinised by Mr Neil Kinnock, European Union transport commissiouer.

Before the Commission can approve the plan, Mr Kinnock has to be convinced that a privata investor would commit the same level of capital as the etate. Brussels has the power to veto etate aid if it believes the assistance will harm competition.

Yesterday EU officials said it was "unlikely" that the plan could be accepted in its current form.

"The results do not do much to help the Italian government's case," an official said.

Alitalia had been expected to lose about L1,200bn last year, including L800bn in restructuring charges. The airline, 90 per cent owned by the Iri stete holding company, lost L85.9bn in 1995 in spite of a L443bn capital gain from the sale of its stake in Aeroporti di Roma, the airports operator.

The Commission, which opened its investigation in October, said at the time thet it had strong doubts about the legality of the capital injection. These douhts ara likely to have increased after news of the expected losses, though the figures could be revised.

Iri is contrihuting L1,500bn of the new funding, with the other half due to come from other market sources. So far, Iri has sdveuced Alitalia L1,000bn and hopes to put in the remainder once the Commission has given its verdict on the plan.

The Commission is unlikely to force Alitalia to repay the mouey, hut will probably demaud reetructuring measures that go beyond the current plan, carefully negotiated with Alitalia's unions.

This is the first time Alitalia has sought epproval from Brussels for e state capital injection. It is in a stronger position than some of Europe's other ailing airlines, which have received governmeut assistance more than once.

Under rules on state aid to the aviatiou sector, government help can he awarded only under coutrolled circumstances, such as when e company can show that the capital is heing used for one-off restructuring.

Dow jumps

Continued from Page 1

mutual funds – uew investmeuts minus redemptions – jumped to $24bn, the biggest net investment since May.

Ms Ahhy Coheu, who co-chairs the investmeut policy committee at Goldman Sachs, the US investment bank, said most of the good news expected for all of 1997 was already priced into the markat. She expacts a perlod of choppy trading before the market continues its upward run.

Philips' slide into loss

Continued from Page 1

Grundig people saying Philips had robbed Grundig. That is difficult to understand, as we have paid DM1.5bn," since taking control fiva years ago.

Thie included covariug Grundig's trading losses and making the latest Fl 600m charge, with which the company hopes to huy its way out of burdensome accords with family shareholders running to 2004. It remains unclear whether the provision will be enough to cover any ultimate deal.

Mr Boonstra insisted that there was "no unrest in the board of management" at Philips itself, following reported disagreements with two fellow directors and the abrupt departure this week of Mr Jan Timmer, his predecessor, from the supervisory board after less than five mouths. A third director, Mr Frank Carruba, is leaving in March but will remain a consultant.

THE LEX COLUMN

Rewiring Philips

When Mr Cor Boonstra took over as Philips' chairman last year, he spoke about the need to stop the bleeders in the Dutch electronics group's portfolio. Now the company talks about weeding out underperformers. But the message is the same. Despite massive restructuring in the early 1990s, Philips has again become flabby. Hence Mr Boonstra'e harsh regime: job cuts, curbs on investment, controls of working capital – not to mention abandoning Grundig, the biggest of its bleeders.

Investors have responded well to this smack of firm action – and rightly so. Still, none of this resolves the issue of whether Philips can develop a profitable growth strategy. Despite the group's strong brand and technical ability, history is not on its side: the latest cutbacks are a direct response to earlier failed expansion. Unless Philips can earn a decent return from its core consumer electronics business, where competitive conditions are fierce, any future growth strategy will also flounder.

What is the alternative? Further restructuring in consumer electronics and a break-up of the group, by spinning off the PolyGram music subsidiary and perhaps the lighting and compouents arms too. That may sound bleak. But unless a credible growth strategy can be devised, Mr Boonstra may have little option. Given that Philips trades on a big discount to break-up value, shareholders would not complain.

Markets

Wall Street looks ever more precarious. It took the Dow Jones Industrial Average 11 months to advance from 5,000 to 6,000. The sprint to touch 7,000 was completed in only four. Arguably more telling were comments earlier this week from Vanguard, the fastest growing US mutual fund. In a neat echo of the musings of Mr Alan Greenspan, the Federal Reserve chairman, about the "irrational exuberance" of markets, Vanguard said it feared investors were suffering from "irrational expectations". Central bankers, of course, are paid to be party-poopers. But when an organisation whose business is ettracting new funds hlows the whistle, it is time to take notice.

Vanguard'e concern is thet the industry is attracting an increasing amount of hot money which will flood out at the first sign of trouble. But the phlegm of retail investors should uot be underestimated. Mutual fund net redemptions were fairly controlled after the 1987 stock market crash and the bond market rout in 1994. In both casee net inflows soon resumed.

Even so, European equities look a better bet than US equities. As if to celebrate the fact, 10 markets reached fresh highs yesterday. Clearly the strength of the Dow provides support for European shares. But even if it were to stumble, these markets would still enjoy the support of low interest rates, tha weaker D-Mark environment and the early etirrings of corporate restructuring.

Nokia

Nokia's ewitch from famine to feast has been electrifying. A year ago, logistical bottlenecks, rising production costs and falling margins in digital mobile phone handsets sparked a string of profit warnings. But the group has rationalised production and sold or closed non-core businesses. More surprisingly, price preseure ou handsets has eased dramatically, despite the arrival of manufacturers euch ae Philips and Lucent. Nokia's handset margins rose from nothing to 13 per cent in the second half of 1996. That follows up-beat performances from its main competitors, Motorola and Ericsson. Indeed, it is the less competitive mobile communications infrastructure business which has coma under more pressure. Profit margins fell four percentage points during 1996, and further gradual erosion is the best it can hope for.

With research and development spending rising by one third in 1996, Nokia is hoping higher margin new products can offset declines on older technology phones and systems. That is prohably true while market growth rates remain high. But as the mobile telecoms market starts to mature, the group'e fat margins will come under considerable preesure. At least Nokia has a strong balance sheet, and can fund its high research and development and capital expenditure budget from operating cashflow. Its prospective 1997 price/earnings ratio of 20 looks justified by current growth projections, assuming margins follow a gradual downward path. But the last time problems emerged, the shares halved in three months; investors would be wise to stand by the exit.

Chubb Security

In 1991, Williams Holdings bid £750m for Racal Electronics, which then owned Chubb Security. Today – if Williams is indeed Chubb's mystery suitor – it would have to pay uearly £1.3hu for the locks, alarms and fire protection group. Racal, which spun off Chubb to foil Williams, is worth another £800m.

For Sir Ernest Harrison, chairman of both Racal and Chubb, this is a coup after a recent rough patch. Racal'e problems culminated in a profits warning late last year. And Chnbb has run into the sand since 1994 as its management failed to make the transition from cutting costs to growing sales.

For Williams, the logic of knitting together Chubb with its own Yale & Valor still holds. And it should be able to raise Chubb'e 12 per cent margins closer to the 18 per cent of its own security division. But there are problems too. For a group which has been preaching the merits of bolt-on acquisitions, Chubb is e big bite. Moreover, Chubb has over half its turnover from alarm systems and manned guarding, services businesses which Williams knows little about. The combined group would also have to sell parts of its operations in the UK locks and fire extinguisher markets to avoid a monopoly reference.

Lastly, while Williams is offering a very full 21 times current year earnings, it could yet be outhid. Ingersoll-Rand paid e similar multiple for Newman Tonks recently. Chubh, with one of the strongest security brands in the world, could fetch rather more.

See additional Lex comments on ScotAm and British Gas, Page 18

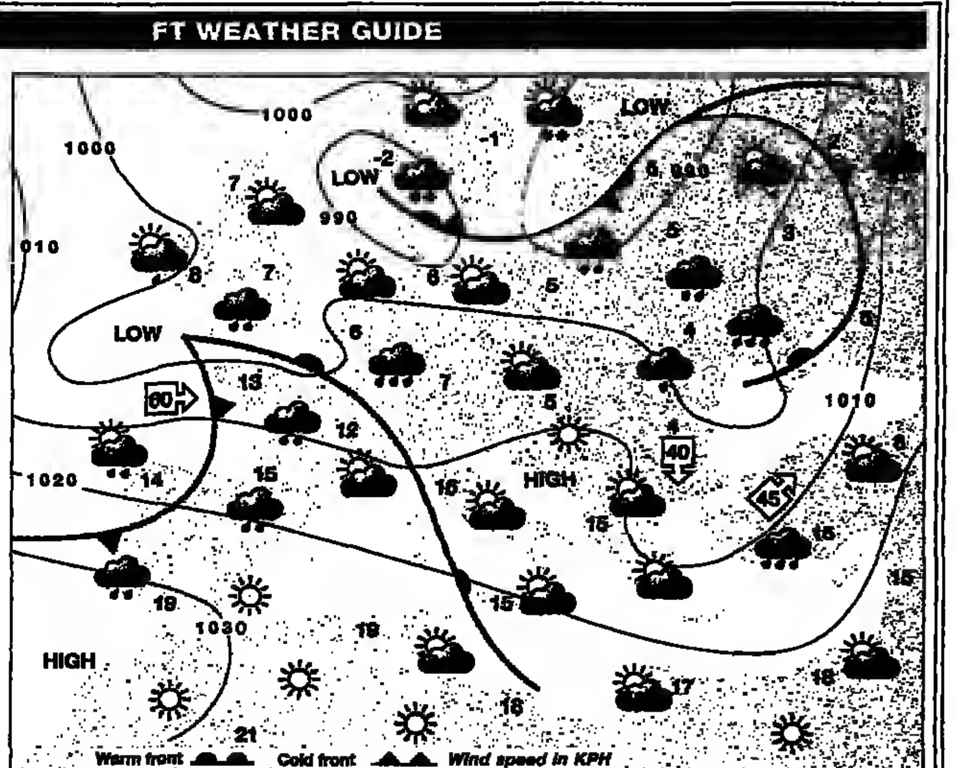
FT WEATHER GUIDE

Europe today

Most of Europe will remain unsettled with windy periods. The boundary between mild air to the south and wintry conditions to the north will be elmost stationary over northern Denmark and southern Sweden.
France will be rainy with strong westerly winds in south-western coastal districts.
Snow will fall in the western Alps above 1500 metres.
Southern and south-eastern Europe will be partly cloudy.
The western Black Sea areas will have occasional showers.

Five-day forecast

Wintry conditions will persist over Scandinavia with cold air moving towards northern Germany during the weekend. Unsettled conditions will remain over most of Europe. It will become calm with some sun over eastern Europe early next week.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius												
		Beijing	fair 8	Caracas	cloudy 30	Faro	sun 18	Madrid	cloudy 16	Rangoon	sun 33		
		Belfast	shower 6	Cardiff	rain 7	Frankfurt	rain 7	Majorca	fair 18	Reykjavik	snow 1		
Abu Dhabi	sun 23	Belgrade	shower 12	Casablanca	sun 18	Geneva	rain 11	Malta	fair 17	Rio	fair 31		
Accra	fair 32	Berlin	shower 6	Chicago	fair 0	Gibraltar	sun 18	Manchester	fair 7	Rome	fair 16		
Algiers	sun 20	Bermuda	shower 21	Cologne	shower 7	Glasgow	shower 7	Manila	cloudy 29	S. Frsco	sun 18		
Amsterdam	cloudy 6	Bogota	fair 21	Dakar	fair 27	Hamburg	rain 6	Melbourne	sun 30	Seoul	sun 5		
Athens	cloudy 17	Bombay	sun 33	Dallas	cloudy 9	Helsinki	cloudy -2	Mexico City	fair 24	Singapore	thund 32		
Atlanta	rain 12	Brussels	rain 7	Delhi	sun 21	Hong Kong	cloudy 16	Miami	fair 28	Stockholm	cloudy -2		
B. Aires	fair 27	Budapest	cloudy 7	Dubai	fair 23	Honolulu	fair 28	Milan	cloudy 6	Strasbourg	rain 8		
B.ham	fair 6	C.hagen	rain 5	Dublin	shower 7	Istanbul	rain 14	Montreal	snow -3	Sydney	shower 25		
Bangkok	fair 38	Cairo	sun 19	Dubrovnik	fair 13	Jakarta	thund 31	Moscow	rain 5	Tangier	sun 16		
Barcelona	cloudy 17	Cape Town	fair 26	Edinburgh	fair 7	Jersey	rain 11	Munich	rain 7	Tel Aviv	fair 19		
						Karachi	sun 27	Nairobi	fair 29	Tokyo	sun 11		
						Kuwait	sun 18	Naples	sun 13	Toronto	snow 0		
						L. Angeles	sun 23	Nassau	fair 28	Vancouver	rain 8		
						Las Palmas	fair 21	New York	sleet 4	Venice	sun 9		
						Lima	fair 27	Nice	cloudy 13	Vienna	cloudy 12		
						Lisbon	shower 18	Nicosia	cloudy 17	Warsaw	rain 5		
						London	cloudy 6	Oslo	cloudy -2	Washington	rain 10		
						Lux.bourg	sleet 4	Paris	rain 11	Wellington	fair 20		
						Lyon	rain 15	Perth	sun 26	Winnipeg	fair -12		
						Madeira	fair 18	Prague	cloudy 7	Zurich	rain 7		

FINANCIAL TIMES

COMPANIES & MARKETS

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Friday February 14 1997

Week 7

IN BRIEF

Gazprom project attracts $7bn

A large project finance loan for Russia'a Gazprom, the world's largest natural gas producer, is three times subscribed even before going into general syndication, according to sole arranger Dresdner Bank. The bank said it had already received underwriting offers worth more than $7bn. The loan will go towards funding the construction of a 4,200km pipeline from the Yamal peninsula gas fields in western Siberia to Frankfurt an der Oder, an east German town, which is expected to start phased operation in 1998. Page 20

Williams Holding to launch Chubb bid
Williams Holdings, the UK industrial conglomerate, is expected to launch a £1.28bn ($2.05bn) recommended offer for Chubb Security in a move which will make it one of the world's largest security products manufacturers. The bid would combine two of the largest locks and fire protection businesses in the UK. Page 18

Margarine hopes boost Raisio
Shares in Raisio, the Finnish food processor and chemicals group, continued soaring on the back of strong profits for 1996 and rising output of the cholesterol-cutting margarine that has fuelled big expectations for the company. Raisio shares closed on the day up FM16 at FM440. Page 14

American General to buy USLife
American General, the acquisitive Houston-based life assurance and financial services company, is to buy New York-based USLife in s stock swap worth about $1.8bn. The scquisition is the biggest of five purchases American General has made in the past two years. Page 16

Talisman offers C$1.5bn for Wascana
Talisman Energy, formerly the Canadian arm of UK-based energy group BP, has offered C$1.5bn ($1.11bn) in cash and shares for Wascana Energy, an oil and gas prodncer based in Regina, Saskatchewan. The bid is the latest in a flurry of deals in Canada's oil and gas industry where finances have benefited from rising oil prices and a flood of equity and debt issues. Page 16

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Holzmann	455	+	7
Volkswagen	818	+	15.5
Falls			
Deutsche Bab	68.5	−	5.8
GEA Prf	579	−	7
Ind Werke	373.5	−	8.5
Linde	1085	−	33
NEW YORK ($)			
Rises			
Barrett Res	37⅞	+	2⅛
USlife Corp	47	+	5¼
Wld Color Prs	21	+	2⅜
Falls			
Dal Tile	16⅛	−	2
Disc Auto	15¼	−	3¼
Par Tchnlgy	12	−	1⅛
LONDON (Pence)			
Rises			
Aspen Comm	165½	+	16¼
Chubb Security	420	+	79
French Connctn	315	+	45½
Shield Dgnstc	370½	+	45½
Falls			
Croda Intl	319	−	19½
Manchester Utd	641½	−	33½
TORONTO (C$)			
Rises			
Cimarron Pete	24.15	+	3.85
Scorpion Mnrl	6.65	+	1.45
Wascana Ener	18.8	+	1.85
Falls			
Hibstreams	2.25	−	0.4
Inex Pharm	8.0	−	1.0
Milkyway Ntwrk	4.05	−	0.4

PARIS (FFr)			
Rises			
Accor	749	+	19
Air Liquide	928	+	15
BIC	924	+	15
Fonc Lyon	703	+	33
Gaz & Eaux	2600	+	185
Falls			
Valeo	388.6	−	10.3
TOKYO (Yen)			
Rises			
Amada Co	853	+	23
Ihara Chem	749	+	34
NSK	702	+	35
Nip Credit Bk	235	+	31
Falls			
IHI	427	−	14
JGC Corp	645	−	27
HONG KONG (HK$)			
Rises			
Tai Cheung	7.3	+	0.7
Falls			
Cheung Kong	72.0	−	2.75
Citic Pacific	37.4	−	1.0
Guoco Group	42.7	−	1.2
New Wrld Dev	48.3	−	1.7
Wharf Hldgs	34.0	−	1.3
BANGKOK (Baht)			
Rises			
Banpu	436.0	+	36.0
Fansiowa	33.5	+	2.5
PCM Precast	29.75	+	2.5
Falls			
Five Star	54.0	−	6.0
Land & House	126.0	−	14.0
Thai Glass	67.5	−	7.5

New York and Toronto prices at 12.30pm.

Pearson faces £100m accounts charge

Discounting irregularities at Penguin USA prompt investigation by media group

By Raymond Snoddy and Jim Kelly

Pearson, the UK media and information group, eurprised the City yesterday when it warned that "improper accounting" uncovered at its Penguin USA book publishing subsidiary might result in up to £100m ($163m) heing written off the group's 1996 profits.

Shares in Pearson, wbose interests include the Financial Times, lost 60p at one point hnt recovered to finish 14p down at 749.5p after the company suggested that the events appeared "weird" and without ohvious motive. Ms Marjorie Scardino, Pearson chief executive since January 8, said she regarded the improper accounting, which had been going on since 1991, as part of yesterday's problem.

A aenior book-keeper, believed to be a middle-aged woman, at Penguin USA in Bergenfield, New Jersey, has been dismissed. Some Penguin customers were given unanthorised discounts of between 4 and 5 per cent for early settlement of bills.

The discounts were not treated as bad debt and written off but consolidated as an asset through a complex series of transactions.

An investigation has so far produced no evidence of personal gain.

The person involved was on a modest bonus scbeme but this factor seems to have little relevance because the bonuses did not depend on early payment of eccounts.

The problem came to light when Mr Michael Lynton, chairman and chief executive, and Ms Phillis Grann, president, took over at Penguin and heard a rumour about irregularities. "We have done well to grah hold of it quickly," said Ms Scardino yesterday, who made it clear she intends to scrutinise Pearson accounts to make sure there are no similar problems elsewhere.

Slightly more than half of the £100m provision relates directly to the improper discounts. Further money has been set aside for the cost of the investigation but a significant sum relates to fears that hooksellers which did not receive the discounts might claim them following an agreement with the American Booksellers' Association on terms of trade in 1994.

The unauthorised discounts at Penguin echo several recent UK cases in which transactions with customers or suppliere have been mis-stated. There is concern such manipulation is more widespread than feared.

Pearson emphasised yesterday that only one pereon appeared to be involved and there is understood to be no evidence of collusion with customers. "It was just one rotten apple," said a manager. As part of the investigation, Pearson is in discussions with its former US auditors at Arthur Andersen, whicb were replaced by Price Weterhouse last June. A firm of white-collar crime specialists has also been retained.

Pearson insists the manipulations did not materially affect profits between 1991-1996 and Penguin hook sales were not affected.

"I have complete confidence in the future of Penguin," Ms Scardino said yesterday.

London stocks, Page 28

Banesto sells $78m stake in mining group

By Tom Burns in Madrid

Spain's Banesto yesterday withdraw further from non-banking sctivities with the sale to Glencore, the Swiss trading group, of a 24.7 per cent stake in Asturiana de Zinc (Azsa), the world's fourth-largest zinc producer.

The deal, worth Pta18.2bn ($78.4m), gives Glencore effective control of the Spanish mining and metals group.

The acquisition leaves Banesto, which three years ago owned 77 per cent of Azsa, with just 7.9 per cent. It paves the way for the bank's complete withdrawal from what had become an awkward industrial investment.

Glencore's arrival at Azsa as the main shareholder will be welcomed by international institutions which, in late 1994, bought 23 per cent of Azsa from Banesto in what was to be the first of several disposals by the Spanish bank.

The institutions – mostly UK-based – have weathered considerable price volatility even by the standards of a cyclical business such as Azsa's. The mining group's shares tumbled a year ago when the company revealed it had to make an extraordinary provision of Pta16.5bn to cover losses on a large position it held in zinc futures.

Glencore, which was looking to consolidate its zinc holdings, hought the offending position from the Spanish company, and the mining group announced its withdrawal from zinc options trading.

Glencore will pay Banesto Pta1,820 per Azsa share; the mining company'a shares rose 6 per cent to trade at about Pta1,840 yesterday after details of the acquisition agreement were disclosed.

Banesto had sold 23 per cent of its Azsa equity in December 1994 at Pta1,515. At the beight of the company's troubles last year over its future position, the share price fell to Pta900. Last month, ahead of the Glencore sgreement, Banesto placed a further 10 per cent of its Azsa equity among institutions at a price of Pta1,510 a share.

Glencore is unlikely to increase its shareholding in Azsa because ownership of more than 25 per cent of a company in Spain automatically triggers e takeover bid under stock market rules. But the stabilising presence of the Swiss group will probably spur Banesto into a final disposal of its Azsa equity in the near future.

The withdrawal from Azsa marks the virtual completion of Banesto's disinveetment from non-banking interests. The bank was one of Spain's leading industrial investors until it collapsed in 1993 and was taken over by Banco Santander, the leading domestic financial group.

Commodities, Page 22

Changes signalled: traders at the Chicago Mercantile Exchange. The exchange will link up with the Chicago Board of Trade EPA

Futures exchanges to combine clearing

By Laurie Morse in Chicago

The world's two largest futures exchanges yesterday resolved to combine their clearing operations to cnt operating costs for tbe excbanges and their trading firm members.

The Chicago Board of Trade and tbe Chicago Mercantile Exchange have been thinking of combining clearing for more than 15 years. The push to go ahead is the result of pressure from member firms to cut costs.

The model for the joint clearing operation would be London. All London's futures exchanges clear their transactions through tbe London Clearing House, which last year was reorganised and recapitalised. Chicago futures executives say the LCH has given the London International Financial Futures Exchange a competitive tool in the global chase for derivatives business.

Mr Merton Miller, an economist on the CME board, said that if the CME-CBOT combination went ahead, New York's commodity exchanges, would bave to be brought in. The CME bas some clearing co-operation with Nymex and Comex.

"I'm always looking et the big picture," said Mr Miller. "Ultimately, this new clearing house could include eight or nine exchanges, inclnding international ones, like Paris's Matif."

Under the current Chicago system the two exchanges employ different trade-clearing organisations, resulting in overlaps in reporting and staffing for firms that operate in both markets.

The committee appointed to hasten the clearing combination discussions does not include representatives of the Chicago Board of Trade Clearing Corporation, the independent body that clears CBOT business. Relations between the exchange and the CBOTCC bave been strained and the CBOTCC's exclusion may be a signal that the CBOT is considering taking its business elsewbere. The CME's clearing bouse is a wholly-owned snbsidiary of the exchange.

Mr Les Rosenthal, a member of tbe committee examining the joint clearing arrangement, said the clearing corporation bad "not co-operated st all in the initiatives the exchange bas proposed over the past year".

Commodities, Page 22

French ministers called in over Thomson-CSF sell-off

By David Owen in Paris

Mr Alain Juppé, the French prime minister, yesterday summoned the main protagonists in the privatisation of Thomson-CSF for a final round of meetings before deciding on detailed sale conditions for the defence electronics giant.

Six individuals were involved in the meetings. On the government side were Mr Jean Arthuis, finance minister; Mr Franck Borotra, industry minister; and the head of cabinet of Mr Charles Millon, defence minister.

On the industrial side were Mr Marcel Roulet, chairman of Thomson; Mr Serge Tchuruk, chairman of Alcatel Alsthom, the telecoms and engineering group; and Mr Jean-Luc Lagardère, chairman of Lagardère, the missiles-to-magazines conglomerate that emerged as the government's preferred candidate in its first botched attempt last year to sell the entire Thomson group.

The meetings, understood have been informal, came a day after Lagardère had thrown new confusion over the privatisation process by filing a complaint with France's highest legal body relating to that first failed attempt.

It is doubtful whether the government would have decided to make yesterday's meetings public without the uncertainty resulting from Lagardère's move.

In an interview in today'a Les Echos, the French business newspaper, Mr Borotra said be thought Thomson-CSF's privatisation should be "the motor for the restructuring of the French defence electronics industry". The company should be the "federating element in the defence electronics pole that is necessary for our country".

He said he hoped the eventual solution would incorporate an industrial schema that would trigger "the constitution of a European electronics pole of global scale that would leave the door open to the hroadest possible level of European co-operation". It was desirable to bring together all French participants in the sector, he added, but this would be difficult to achieve.

The government has been pondering for two months whether to attempt another trade sale or to offer Thomson on the stock market. Mr Juppé's office reiterated that a decision would be taken before the end of the month.

Thai bank hit by bad loans

By William Barnes in Bangkok

Thai Farmers Bank, Thailand's third-largest bank, said yesterday it was putting aside Bt1.05bn ($40m) in the first quarter of this year to cover non-performing loans.

The past year has seen an increase in non-performing loans at Thai banks, especially from the property and hire purchase sectors, as Thailand's weakening property market and slowing economy start to damage the banks' customers.

Thai Farmers' mova upset an already weakened stock market where the Stock Exchange of Thailand index dropped 3.4 per cent to 698. Shares in Thai Farmers fell Bt9 to Bt100.

Thai Farmers said the provisions, up from Bt2.32bn in 1996, would have little effect on its profitability.

One broker estimated that non-performing loans at the bank made up about 3.5 per cent of total loans. For the top six banks in Thailand, non-performing loans account for about 7 per cent of the total, compared with 6 per cent a year ago.

Thai Farmers' moves may bring its provisions up to 50 per cent of non-performing loans from approximately 40 per cent et the end of last year. Provisions at Bangkok Bank, the country's largest bank, are about 75 per cent of official non-performing loans.

The top six banks' cover last year was 44 per cent – double the average provisions taken by the whole of the banking sector. That suggests some small and medium-sized Thai banks, which heve been equally enthusiastic lenders to the main problem customers, could be "whiplashed" by provision charges towards the end of the year.

There are fears that Thailand's commercial banks have yet to admit the extent of the damage to their loan portfolios. "We know that banks will bave to make really high charges this year," one broker said.

Asia Equity, the stockbroker, lowered its profits forecast at Thai Farmers this year from Bt12.62bn to Bt11.78bn compared with Bt11.86bn last year.

World stocks, Page 32

Margarine hopes boost Raisio

By Hugh Carnegy in Helsinki

Shares in Raisio, the Finnish food processor and chemicals group, continued soaring yesterday on the back of strong profits for 1996 and rising output of the cholesterol-cutting margarine that has fuelled expectations for the company.

Raisio shares jumped more than 6 per cent to FM447 before falling back to close the day up FM16 at FM440. This price is some seven times the level of early last year, when international investors began buying the hitherto obscure stock because of expected good prospects for the margarine.

The company, based in western Finland, said sales of Benecol, which includes an ingredient that lowers the body's cholesterol intake, had risen in November and December because of increasing availability of the raw material for the special additive. "Production-wise, we are in a good situation," it said.

Although Raisio supplied no details, the comment gave hope to investors that the company was gradually overcoming tbe bottleneck in supply of the plant sterols needed to make the essential ingredient in Benecol. The margarine is at present available only in Finland, but is widely expected to prove an international blockbuster when raw material supplies, a by-product of vegetable processes such as wood pulping, are secured.

Tbe company repeated that it intended to begin exporting Benecol to Sweden this year but did not specify when.

In the meantime, Raisio said pre-tax profits in 1996 rose from FM140m to FM162m ($32.7m) on sales up 22 per cent from FM3.2bn to FM3.9bn.

However, earnings per share slipped from FM6.26 to FM6.13. The board has yet to recommend a dividend.

The best performance came in Raisio's cbemicals division, rather than its foodstuffs operations. Sales of chemicals – mainly to the pulp and paper industry – rose 24 per cent to FM1.36bn, while profits more than doubled from FM48m to FM101m after a weak 1995.

Sales in the foodstuffs division rose 32 per cent to FM2bn, but this was mainly because of acquisitions overseas. Profits fell from FM96m to FM74m. A rise in grain prices, which were not passed on in prices, and poor performance in Poland, one of Raisio's chief foreign markets, were behind the fall.

High research and development costs were also a factor. Raisio said R&D spending on Benecol reached FM22m, out of a group total of FM87m.

World stocks, Page 35

Cost cuts help Atlas Copco in fourth term

By Greg McIvor in Stockholm

Cost-cutting and efficiency measures helped Atlaa Copco, the Swedish engineering group, to lift fourth-quarter pre-tax profits 6 per cent, from SKr786m to SKr838m ($113m).

Rationalisation henefits helped the gronp, which earns virtually all its revennes from exports, to overcome the effect of a stronger krona and weak European demand. Full-year pre-tax profits advanced from SKr2.8bn to SKr3.1hn.

Earnings per share were SKr10.56, against SKr9.93.

The shares eased SKr1 to SKr173 in Stockholm yesterday.

Mr Michael Treschow, chief executive, who in April is to take over at Electrolux, the Swedish household appliance maker, said there was no sign of any strengthening in European demand so far in 1997.

"We would guess that [European] demand, at least this side of the summer, will probably stay flat," he said. Mr Treschow is to he replaced hy Mr Giulio Mazzalupi, head of Atlas's main compressor division.

Mr Treschow said restructuring efforts in 1995 were behind an improvement in the operating margin from 10.9 per cent to 11.7 per cent. Some 0.5 per cent of the increase was due to non-recurring gains, although these were balanced by a SKr200m negative impact of the stronger krona – equivalent to 6-8 per cent of orders and sales.

The company said earnings would increase in 1997 as a result of efficiency improvements. Mr Treschow said the impact of this year's restructuring, which included the relocation of several units, would begin to be felt this year.

"We believe the Americas will continue to show sales growth, as will Asia. But overall we have a flattish opinion for the year," he said. Atlas was equipped for acquisitions and was keen on making a large purchase in Asia, he said, although it was unclear when the opportunity might arrive.

Orders in 1996 dipped from SKr11.7bn to SKr11bn.

Full-year group sales rose from SKr24.45bn to SKr25.1bn.

Fourth-quarter operating profits in construction and mining equipment slipped from SKr128m to SKr112m. Sales were SKr1.6bn, versus SKr1.7bn.

Michael Treschow: European demand expected to stay flat

Price pressure hits Swedish steel groups

By Greg McIvor

Falling steel prices and sagging demand were blamed for a big slide in profits at Sweden's big two steel groups, Avesta Sheffield – the company controlled by British Steel – and its larger rival SSAB.

Avesta posted a pre-tax loss for the October to December period of SKr160m ($21.5m), against a SKr852m profit last time. Sales fell 24 per cent, from SKr5.3bn to SKr4.2bn.

SSAB, reporting fourth-quarter figures, said pre-tax earnings halved from SKr973m to SKr488m. Reduced steel consumption combined with inventory run-down by customers hit orders and put prices under pressure throughout 1996.

The company said steel prices fell 15 per cent, measured in Swedish kronor, pushing down quarterly sales from SKr4.9hn to SKr4.4bn. It estimated that steel consumption in Sweden, its main market with one-third of sales, fell by just under 15 per cent over the year.

SSAB's results were above market expectations and the shares gained SKr3 to close at SKr118.50. Avesta's profits were below analysts' estimates but the shares edged up SKr1.50 to SKr76 in heavy trading.

Mr Peter Dupont, metals analyst at UBS in London, said: "Obviously the numbers are weak, but investors are prepared to look through them. There is a reasonable chance that transaction prices [for steel] will move up in the first quarter."

Mr Per Molin, who is to be replaced as Avesta chief executive in April by Mr Stuart Pettifor of British Steel, said prices had reached bottom. However, it was unclear if a reversal of fortunes was imminent or if it would take "a few more months".

He said costs for commissioning and working up of new plant facilities at Avesta and Nyby rose steeply – an important factor behind the loss.

Avesta said final quarter performance would remain weak but an improvement was expected from April. Some competitors planned to increase prices by 7-8 per cent and benefit would be felt from rising nickel prices.

Avesta recorded a SKr136m nine-month loss, compared with a SKr3.1bn profit last time. For the full year, SSAB's pre-tax profits dropped from SKr3.8bn to SKr2.1bn.

Losses at Scitex deepen to $178m

By Judy Dempsey in Jerusalem

Scitex, the Israeli-based world leader in the development, manufacturing and marketing of visual information communication products, reported a net loss and a sharp fall in revenues for 1996, caused largely by a decline in the graphic arts market.

Net losses amounted to US$178.3m, or $4.16 a share, after net losses in 1995 of $34.5m, or 81 cents. Sales fell from $730.2m in 1995 to $695m last year.

The losses occured in the graphic arts division, while sales at Scitex Digital Printing, its high-speed printing division, rose 57 per cent to $162m.

Mr Yoav Chelouche, president and chief executive of Scitex, whose high-tech and innovativa printing products catapulted the company on to world markets in the early 1990s, said: "Last year was our worst ever. It was a year during which the graphic arts market contracted sharply."

Mr Chelouche recently embarked on a radical restructuring programme which includes making the company mora flexihle, reducing the workforce and shaking up the management, which analysts said responded too slowly to the slowdown in the graphics arts market.

Scitex, listed on Wall Street, is a snbsidiary of Clal, one of Israel's leading conglomerates. Clal expects changes when Mr Issac Kaul, former chairman of Bezeq, Israel's state telecoms network, takes over as president and chief execntive next month.

Analysts said the performance of Scitex could be a warning to other Israeli high-tech companies, which are fast becoming the backbone of the country's export economy.

They are increasingly launched on the New York Stock Exchange witb high expectations, bnt lack of international experience has left some of them ill-equipped to deal with the pace of change in high-tech communications.

EUROPEAN NEWS DIGEST

Crédit Immobilier warns on CFF bid

Hopes of a lifeline for troubled property lender Crédit Foncier de France were shaken last night after rival lender Crédit Immobilier de France said it might withdraw its offer of a partial takeover.

Crédit Immobilier is proposing to take over from Crédit Foncier management of some of its housing loans, but wants to hire only 1,500 of Crédit Foncier's 3,300 staff. Terms of the deal have not been disclosed.

Mr Gerard Martin, chairman of Crédit Immobilier, said: "If by the and of March no decision has been taken by the public authorities, we might be constrained to withdraw our bid."

Crédit Foncier shareholders last week approved a series of measures designed to giva the bank two years to overcome its financial crisis, which was sparked by losses in 1995 of FFr10.8hn ($1.9bn). Earlier this year, a mediator was appointed to review government plans for Crédit Foncier, after employees occupied its Paris headquarters.

AFX News, Paris

Siemens lifts sales forecast

Siemens, the German electronics group, said yesterday a favourabla foreign exchange market and low interest rates had prompted it to revise upwards its forecasts for sales and new orders in the current year to end-September. It did not provide specific figures. The company originally forecast a 4 per cent increase in revenue for the period and "slightly lower" growth in order inflow.

"We expect the rise in new orders and sales for the current year to be above our original, somewhat subdued, forecasts," Mr Heinz von Pierer, chairman, said. However, he warned against extrapolating full-year figures from the first-quarter results. In tha first three months, new orders climbed 22 per cent, mainly because of several large long-term projects. Sales rose 6 per cent.

Mr Pierer said the company was sticking to its forecast of flat net earnings of about DM2.5bn ($1.5bn) for the current financial year, but it expected an increase in 1997-98. The shares closed DM0.30 higher at DM87.35.

Sarah Althaus, Frankfurt

Moody's cautions on Usinor

Moody's Investors Service, the credit rating agency, has warned that the plans of Usinor Sacilor, the French steel group, for a strategic alliance with Corporación Siderúrgica Integral, the Spanish steel maker, could weaken its ability to reduce its debt. The warning follows an announcement by the French group this week that it was interested in investing in the state-held Spanish producer, which is being considered for privatisation.

Moody's said: "The acquisition of this Spanish steel producer will increase the tonnage sold by Usinor Sacilor in the market for European flat products, where there are some difficulties. As a result, Usinor Sacilor's capacity to achieve a durahle reduction in debt could be weakened as a result of its increased vulnerability to competitive pressures in a cyclical market."

However, Moody's expects Usinor to be ahle to control this risk, and to maintain its current debt rating. It rates Usinor's senior unsecured debt Baa2.

AFX News, Paris

Pioneer launches Polish fund

Pioneer, the US mutual fund management group, has set up Poland's first real estate investment fund. The $60m fund aims at office, retail and warehousing projects. Mr. Andrew Gutowski, who heads the fund, said agreements to invest would be closed with Polish financial institutions by the end of March. US investors will be brought in by the end of May. Warsaw has commercial real estate projects in progress worth $400m, be estimates.

Christopher Bobinski, Warsaw

Nokia profits rebound to FM1.7bn

By Hugh Carnegy in Helsinki

Nokia, the Finnish mobile telecommunications group, yesterday announced a 75 per cent rise in profits in the last quarter of 1996, confirming its forecast rebound from depressed earnings at the end of 1995 and in the early months of last year.

The result followed news earlier this week of a 40 per cent rise in profits at Ericsson – Nokia's Swedish rival – and underlined a trend of strong growth in world mobile telecoms markets.

Nokia, the world's second-largest supplier of mobile handsets, behind Motorola of the US, said pre-tax profits in the fourth quarter rose from FM949m to FM1.67bn ($340.8m). It was driven by a 37 per cent increase in sales of handsets – its flagship division – and a 30 per cent rise in sales of telecom systems equipment, mainly mobile systems.

Group sales rose from FM10.9bn to FM12.7bn. "The problems we had in mobile [handsets] are now firmly behind us," said Mr Jorma Ollila, Nokia chief executive. "We are very pleased with what we were able to achieve in the fourth quarter. Wa are now stronger than ever to meet the challenges of 1997."

Full year pre-tax earnings, down from FM4.9bn to FM3.9bn, were hit by internal production problems and some market weakness in the US at the end of 1995 which sent the mobile handsets division into the red. Full-year sales rose from FM36.8bn to FM39.3bn.

Earnings per share for the full year slumped from FM14.36 to FM10.73, but rose in the fourth quarter from FM3.86 to FM5.03. The annual dividend was raised from FM3 a share to FM3.50. Like Ericsson, Nokia reported strong cash flow, wiping out its net debt.

Nokia's most-traded A shares rose 2.5 per cent in Helsinki, reaching the year's high of FM332 before closing up FM8 on the day at FM331. It slipped on profit-taking later in New York.

The mobile handset division – the world's leading supplier of digital handsets – returned a full-year operating profit of FM1.4bn, down from FM1.75bn in 1995. But sales were up from FM16bn to FM21.6bn.

Nokia does not give quarterly divisional profits, but Mr Ollila said the handset unit profit was earned in the second half, implying an operating profit margin in that period of 13 per cent.

Price pressure meant margins slipped in the infrastructure division while operating profits for the full year rose from FM2.7bn to FM3bn, slower than the rise in sales from FM10.3bn to FM13.3bn. But 1996 operating margins hit 22.4 per cent.

Lex, Page 12

Lagardère gives Thomson plot a fresh twist

The group's complaint over last year's failed sell-off raises the spectre of fresh complications

Where now for the troubled Thomson dossier? This week's decision by Lagardère to file a complaint with France's highest legal body over last year's botched attempt to privatise the French state-controlled electronics giant raises the spectre of fresh complications in a process already dogged by mishandling and delay.

The crucial question, raised but not answered in yesterday's French business press, is whether an eventual judgment by the Conseil d'Etat could place in doubt the validity of a new privatisation process that is likely to be well advanced – if not completed – before the judgment is made.

The office of Prime Minister Alain Juppé is apparently eure that it would not. It preferred Lagardère's proposal in the first privatisation attempt last October. Its reaction when the news of the missiles-to-magazines conglomerate's complaint broke on Wednesday evening was that it would result in "absolutely no change" to the new process under way.

Observers have been waiting for two months for detailed sale conditions from the government, which has decided this time to sell its 58 per cent-owned Thomson-CSF defence electronics business separately from the money-draining Thomson Multimedia consumer electronics operation.

It is still trying to decide whether to attempt another trade sale or to offer Thomson-CSF on the stock market – with or without a group of stable shareholders. Mr Juppé recently promised an announcement on the nature of the new process before the end of this month.

But if an annulment of the independent privatisation commission's rejection of Lagardère's original offer for the entire Thomson group is unlikely, what does the company hope to gain by an action which risks harming its chances of winning Thomson-CSF second time around?

Alain Juppé (left) plans a second sale, in which Jean-Luc Lagardère (centre) and Serge Tchuruk (right) may again compete

Financial compensation is one possible motive, along with satisfied honour. Lagardère shares soared more than 23 per cent the day after the government's preference for its original offer was announced. They fell more than 7 per cent after the terms of its bid were rejected.

Another motive suggested yesterday was that the group might be trying to deter the government from plumping for an out-and-out share sale by sowing confusion among prospective investors. Yet another was that it intended the complaint as a warning of the possible consequeoces of selling Thomson-CSF to a different bidder at the end of the second process.

What is not in doubt is that the group, under its leader Mr Jean-Luc Lagardère, remains interested in Thomson-CSF, in line with its dream of becoming Europe's largest defence electronics company.

If the government's choice is for a second trade sale, then it seems highly likely that the process would again pitch Lagardère against Alcatel Alsthom, the telecoms and engineering group it appeared to have beaten in the first contest.

This time, however, the opposition is likely to be more formidable, since any Alcatel bid would almost certainly be in association with Aerospatiale and Dassault, France's two aircraft companies.

The combination of this powerful trio with Thomson-CSF would create a huge vertically integrated defence combine, making everything from basic electronic components to weapons systems and jet fighters. Mr Serge Tchuruk, Alcatel chairman, recently outlined his new vision in an interview with Le Monde, the Paris newspaper.

Some believe, ironically, that one effect of Lagardère's action may be to speed up marginally the government's publication of detailed sales conditions, since it will be under increased pressure to demonstrate that the complaint will not affect the new process.

For the moment, however, the overriding impression is of still greater confusion. That can only please the new giants of the US defence industry, formed by the sort of rapid consolidation from which the European defence sector is still shrinking.

David Owen

Philips strategy on electrical goods a year away

By Gordon Cramb in Eindhoven

It will take another year for Philips to resolve what its strategy should be in tha increasingly competitiva market for high volume electronics goods, according to Mr Cor Boonstra, the Dutch group's president.

"We are well aware that a company cannot have a future only by reorganising and restructuring," he said while unveiling its latest slide into loss. "We are doing more than that." The group had a market position which was both "defensible and expandable", particularly in areas such as computer monitors, where it supplied leading brands.

The locations it chose to conduct such activities were less certain, he added. The gronp still devotes more than half its capital investment to Europe, "and you can ask if that is the right percentage" in a slow growth, high wage environment.

Capital spending is in any event being reined in this year from the Fl 4.5bn ($2.38bn) of 1996, according to Mr Dudley Eustace, chief financial officer.

Gearing rose to 42 per cent by December from 34 per cent a year earlier, because Philips was returning liabilities to the balance sbeet through unwinding a debt factoring programme created in even worse times, when that was the only way it could raise funds.

The company incurred negative cash flow last year of Fl 1.86bn, widened from a Fl 1.66bn deficit. The group's main declared financial target for this year is to turn that into a positive cash position of at least Fl 1bn, while returning to bottom line profitability.

Sales rose 7 per cent to Fl 69.2bn, but a squeeze on margins and Fl 725m in restructuring charges, takeo above the line, more than halved operating profits to Fl 1.81bn from Fl 4.04bn. Financing costs rose 30.1 per cent to Fl 898m as a result of tha increased debt load, and after tax profits from normal business operations slid 73.1 per cent to Fl 723m.

Then came extraordinary debits of Fl 1.31bn, where only Fl 166m was charged last time. The fully diluted loss per share for 1996 was Fl 1.73, against Fl 7.13 in 1995, though the dividend is held at Fl 1.60.

None of Philips' main product sectors bucked the trend. Operating income from lighting was down 28.6 per cent at Fl 702m, and consumer products slid from Fl 167m to only Fl 10m. In both cases, the decline reflected restructuring costs.

Price pressures also affected the components and semiconductors side, with earnings down 33 per cent to Fl 1.5bn.

Software and services, which inclndes PolyGram and Origin, showed a 44.7 per cent fall to Fl 490m. And in professional products and systems, including medical equipment and industrial electronics, 1995 income of Fl 157m fell to nil this time.

Smart card unit sold to joint venture partner De la Rue

De la Rue, the UK security printer, is to buy Philips Smart Cards & Systems, the latest unit to be divested by the Dutch group, writes Gordon Cramb.

PSCS, which has been part of Philips' industrial electronics division, employs almost 300 people at its French base and had sales last year of Fl 100m ($53m). Since mid-1993 it has had a joint venture with De la Rue, whose work in magnetic stripe card production and personalisation was combined with PSCS's smart card technology. PSCS supplies the banking, mobile phone and pay-TV industries.

INTERNATIONAL NEWS DIGEST

Metallgesellschaft drops AGIV deal

Metallgesellschaft, the German industrial and trading group, said yesterday it had pulled out of its planned purchase of a 50 per cent stake in AGIV, the loss-making industrial company, from BHF-Bank after failing to complete a due diligence study of the deal.

The decision followsed the announcement late on Tuesday that AGIV had halted the dne diligence process, a prerequisite for the purchase, because of management "uncertainty" over negative press reports about the company's financial position.

"We looked at the conclusions of the due-diligence process so far and decided that there was enough reason for us to pull out of the planned acquisition and make use of the opt-out clause in the agreement," Metallgesellschaft said. It stressed that the decision to withdraw "had nothing to do with differences over the purchase price". The planned deal, announced last month, had been estimated to be worth about DM500m ($297m).

Metallgesellschaft, which has undergone a radical restructuring since brushing with bankruptcy in 1993, stressed that it would continue to seek further acquisitions as part of a strengthening of its core activities, comprising chemicals, plant engineering and contracting, trading and building technology. The AGIV deal would have created a fifth division in process control and measurement technology.

The news will come as a blow to BHF-Bank, whose profits have been held back by AGIV not paying dividends. The sale of the stake, which the German bank has beld since 1974, was also aimed at further reducing BHF-Bank's industrial investment portfolio. AGIV, which has been refocusing on its main electronics, engineering and services businesses, has forecast a turnround in 1997 after two consecutive years of losses. Turnover last year totalled about DM9.7bn. *Sarah Althaus, Frankfurt*

Fresh hope for Fokker

Fokker, the Netherlands' bankrupt aircraft maker, was offered a further chance of survival yesterday. It emerged that local businessmen were looking to secure Singaporean capital to continue the production of its regional jets, which will otherwise cease this spring.

Mr André Delaye, the Belgian head of Begemann, a Dutch investment group, is understood to be co-ordinating a proposed consortium which would also involve Stork, the Naarden-based industrial group which last year bought Fokker's profitable parts and maintenance activities.

NRC Handelsblad, the country's afternoon daily, yesterday named the other potential partner as Singapore Technologies Aerospace (ST Aero), an offshoot of the government-linked Singapore Technologies Industrial Corp.

ST Aero is a minority participant in China's project to build a 100-seater jet, a size of aircraft already produced by Fokker. The Dutch aircraft builder collapsed last March when Dasa, part of Germany's Daimler Benz, refused to inject fresh capital into its then subsidiary. Hopes for a rescne dwindled in December when the Dutch government and receivers ended talks with Samsung of South Korea and Short Brothers of Northern Ireland, supplier of its wings, and said it could accept no fresh orders because of Fokker's uncertain future.

Shorts was yesterday reported to be willing to consider proposals by the new group. *Gordon Cramb, Amsterdam*

Al-Ahram GDRs up sharply

Global Depositary Receipts in Egypt's privatised alcohol and soft drinks group Al-Ahram Beverages yesterday ended trading about 21 per cent above the issue price, a day after the GDR offering was seven and a half times oversubscribed.

The GDRs – receipts, in this case worth half a share, issued in lieu of shares in a company located in an overseas market – were issued at $15.50. They were yesterday being traded at between $18.50 and $19.

The offering came from the US-based Luxor Group, which bought 75 per cent of the company from the Egyptian government at – in effect – $20.20 a full share, on the undertaking it would later reinvest gains from the issue in the stock. Luxor Group's payment for the government's shares will not be made until February 24, when it will also deposit a E£20m ($5.8m) letter of credit with the government guaranteeing that it will carry out a E£239m programme of investment in new production plant.

The brewery company's share price on the Cairo Stock Exchange, where 25 per cent of the company is quoted, rose E£4.73 overnight to E£120.10 ($35.42) at yesterday's close. *Mark Huband, Cairo*

American General takes over USLife

By John Authers in New York

American General, the US life assurance and financial services company, yesterday announced it was buying New York-based USLife in a stock swap worth about $1.8bn.

The acquisition is the biggest of five purchases that American General has made in the past two years. Its total expenditure over the period has been about $4bn.

However, the company said it did not expect the transaction to dilute its earnings and predicted it could find consolidation savings, mainly through merging back offices, of about $50m per year.

USLife had been tipped as a possible acquisition target on Wall Street, mainly because its founder and chief executive, Mr Gordon Crosby, had reached the age of 75.

Many analysts doubted it had a long-term competitive future given the increasing incursions into traditional life insurance by mutual fund companies and banks. Its results for 1996, released earlier this week, showed sluggish revenue growth of only 3.8 per cent. Profits for the full year fell 28 per cent to $78m.

As one of the largest takeover targets, USLife had also attracted attention from corporate financiers. It offers substantially improved distribution for Houston-based American General, adding 10,000 sales agents to the company's existing force of 15,000.

USLife's strength in New York state will also help American General, as its previous acquisitions bad been in the south and mid-west.

Mr Robert Devlin, American General chief executive, claimed tbe company provided an "outstanding strategic fit" for his company, whose interests also include a large consumer lending business.

The move continues the trend towards consolidation in the life assurance industry, and confirms American General as one of the leading acquirers, along with GE Capital, the financial services arm of General Electric, and Indiana-based Conseco.

Once the deal is completed, by the end of June, the combined companies will bave assets of $74bn. Their total revenues last year were $9bn, with profits of $757m.

Under the deal, USLife shareholders will exchange each share of their common stock for American General shares worth $49. This would bring the market capitalisation of the new company to about $10bn.

American General's share price was unchanged in early trading yesterday, at $41½. USLife's sbare price rallied, gaining $5¼ to $47.

Talisman bids for energy producer

By Bernard Simon in Toronto

Talisman Energy, formerly the Canadian arm of BP, the UK-based energy group, has offered C$1.5bn (US$1.1bn) to cash and shares for Wascana Energy, an oil and gas producer based in Regina, Saskatchewan.

The bid is the latest in a flurry of deals centred on a new generation of acquisitive owners and managers in Canada's oil and gas industry. Their financial resources have been bolstered by rising oil prices and by a flood of equity and debt issues. Gulf Canada Resources is pursuing a C$1.1bn hostile bid for the UK's Clyde Petroleum.

Wascana had no immediate comment on Talisman's offer. The Saskatchewan provincial government, which set up Wascana in 1973 to give it an interest in the local energy industry, remains the biggest shareholder, with a 7 per cent stake.

Talisman has offered C$18.50 in cash or 0.41 shares for each Wascana share. A maximum of 40 per cent will be paid in cash.

The proposed acquisition is designed to boost Talisman's presence in western Canada to complemant its extensive interests in the North Sea and Indonesia.

Talisman said the addition of Wascana would lift its output by about 30 per cent to 175,000 barrels a day of oil and gas liquids and 826m cubic feet of gas. It would also double Talisman's exploration properties in western Canada.

Wascana became a takeover target last December when Saskatchewan lifted a ban on any single shareholder owning more than 10 per cent of the voting shares. Talisman, which is based in Calgary, Alberta, said it would keep Wascana's head office in Regina for at least five years.

Wascana's shares climbed C$1.95 to C$18.90 in early trading in Toronto yesterday. Talisman gained C$1.55 to C$46.70.

Delphi steps out of GM's shadow

The world's biggest car parts manufacturer is learning how to be independent

Few people outside the motor industry have been interested in Delphi Automotive Systems, General Motors' components subsidiary.

Yet Delphi is twice as big as its nearest rival, Japan's Denso group, and towers over competitors such as Robert Bosch of Germany and TRW of the US.

This claim to fame has to date heen dwarfed beside its role as the in-house supplier to tbe world's biggest car company.

But Delphi may now be heading for the bright lights. The company, which makes virtually everything in a car from basic metal parts to microchips, has been reducing its dependence on GM and improving its productivity, to the extent that GM is considering floating a stake.

Mr Jack Smith, chairman of GM, said last month that the group was "evaluating its strategic alternatives", with the objective a partial flotation.

Listing Delphi would unlock further value for GM's shareholders.

In the past year, GM has sold EDS, its information technology subsidiary, and tha defence side of its Hughes Electronics operation. The purpose was to raisa funds and improve GM's stock market rating, which many executives believe inadequately reflects its true value.

Mr Stephen Girsky, automotive analyst at Morgan Stanley in New York, approves of a partial flotation for Delphi: "It offers Delphi the opportunity to gain more outside business, and GM the chance to reduce its fixed costs," he says.

Delphi's attractiveness to investors will increase after it has incorporated Delco Electronics, another big GM components operation, which is being split off from Hughes Electronics as a result of the defence sale.

Adding Delco, which is about the size of one of Delphi's six divisions, will raise Delphi's turnover to more than $32bn.

Under Mr J. T. Battenberg, chairman since 1994, Delphi has concentrated on reducing its dependence on GM's North American Operations division.

The proportion of sales going to that division has declined from almost 100 per cent in the 1980s to less than 65 per cent last year. The aim is to go below 50 per cent by 2002.

Various factors have contributed to the change. Delphi has improved the competitiveness of many of its US plants to rival smaller specialist manufacturers such as Johnson Controls, in seating, or TRW, in airbags.

At the same time, it has shed a slew of smaller businesses in which it did not believe it could gain a significant competitive position.

Delphi bas also managed to convince rival carmakers that its "Chinese walls" are effective enough to trust it with confidential information about new products.

Such trust has become increasingly important in the industry, as carmakers work more closely with suppliers to accelerate new model programmes.

Much of Delphi's growth has come outside the US. It has set up component operations in south America, Asia and eastern Europe, taking advantage of GM's plans to build car factories in these regions, where demand is rising fastest.

The lack of a big, established components industry in all three areas has allowed Delphi to pitch not just for GM's business, but for contracts from the other car companies flocking to these regions.

Since 1990, tbe components manufacturer has set up dozens of factories outside the US, on its own or through takeovers and joint ventures.

The proportion of Delphi's sales going to companies other than GM should grow even more sharply since the out-of-court settlement last month of the row between GM and Volkswagen, over GM's allegations of industrial espionage.

Under tbe terms of that settlement, VW agreed to buy $1bn of Delphi parts over the next seven years.

Incorporating Delco Electronics sbould help Delphi expand. Delco's products range from car radios to sophisticated engine management systems.

So Delphi should now be able to offer carmakers integrated "sub-assemblies" – such as a complete interior including seats, instruments and the entertainment system – which virtually no other components group can provide.

J. T. Battenberg: preparing Delphi for possible partial float

But Delphi's revolution is not complete. It must still sbed its lingering image as GM's in-bouse supplier.

The company reached a turning point last December, with the sale of four poorly performing factories to Peregrine, a private investment vehicle.

Last week, Delphi announced it would close a problem plant in Trenton, New Jersey – one of 12 facilities under close scrutiny.

Mr Battenberg says Delphi is determined to "fix, close or sell" underperforming plants.

Among the 12 facilities under review is the brake plant in Dayton, Ohio, which was the flashpoint for a costly strika last year, when GM attempted to reduce its dependence on in-house brake supplies. The 17-day stoppage brought vehicle building across the group to a virtual halt.

The surest sign of Mr Battenberg's success will be wben GM finally separates out Delphi's financial results from the accounts for its North American operations.

That decision, to improve transparency, has been mooted for years, but never carried out – presumably because Delphi's results have been so poor.

Mr Smith says the decisioo is now "close". Only when it happens, however, can Delphi's growing up be considered complete.

Haig Simonian

Busang talk lifts Bre-X shares

By Bernard Simon

Shares in Bre-X Minerals rose sharply yesterday on the prospect of intensified competition among international mining gronps for part of the Calgary exploration company's 90 per cent stake in the vast Busang gold deposit in Indonesia.

Bre-X sbares climbed C$2.15 to C$24.85 in early Toronto trading yesterday, giving the company a market valne of C$5.9hn (US$4.35bn). The stock was also helped by rumours that Bre-X had reached a deal with Askatindo, an Indonesian company with a minority stake in Busang.

Busang, with estimated reserves of at least 57m ounces, is regarded as the biggest gold discovery this century. The proposed mine would come on stream in abont 2000 at a cost of US$1.5bn.

Bre-X has lobbied for an open bidding process since last November, when Indonesia invited Toronto-based Barrick Gold to acquire a majority stake in Busang, and bnild a mine on the property.

The mines ministry has set a February 17 deadline for Bre-X and Barrick to negotiate a deal with various local partners.

Other mining groups are confident tbe process will open np should the deadline pass without a deal. However, President Suharto's intentions remain uncertain. Mr Bill Belovay, analyst at CIBC Wood Gundy in Toronto, said an investment in Bre-X was "basically high-stakes blackjack".

Placer Dome, the Vancouver gold producer, has proposed a "merger of equals" with Bre-X. The deal would offer 40 per cent of Busang to the government and other local tnterests, compared with 10 per cent envisaged in tbe original Barrick/Bre-X proposal.

Speculation has surfaced in recent days that Freeport McMoran, the New Orleans-based mining and fertiliser gronp, may also be involved in talks with the government. Freeport, which is one of the biggest foreign investors in Indonesia, declined to comment yesterday.

Nusamba, an investment company with links to President Subarto, last month bonght an indirect 9 per cent stake in Freeport Indonesia, a large copper and gold mine controlled by the US group.

AMERICAS NEWS DIGEST

YPF posts record full-year earnings

Argentina's largest company, the oil and gas group YPF, yesterday reported record earnings for its 1996 financial year, helped by stronger oil prices and increased production. The better-than-expected performance saw YPF post a net profit of $817m, up 3 per cent from 1995.

Mr Peter Schubert, an analyst at Mexican investment bank Interacciones Global, said the result was "stunning", adding that earnings would have been $69m higher had YPF not adopted a conservative price-hedging policy on its oil exports to the US and Europe during the fourth quarter.

Fourth-quarter earnings surged to $218m, 73 per cent higher than a year earlier. The company reaped the benefit of recent investment in increased production, delivering an average of 418,000 barrels a day during the fourth quarter – a company record and 7 per cent higher than in tha same period of 1995.

Another strong contributor was YPF's international arm, Maxus, which saw operating earnings rise to $68m in the fourth quarter, up from $20m a year earlier.

Matthew Doman, Buenos Aires

United HealthCare down 13%

United HealthCare, one of the largest health management companies in the US, said yesterday that earnings slipped 13 per cent in the fourth quarter after a one-off charge.

Net income for the fourth quarter was $95.1m, or 47 cents a share, compared with $109.9m, or 57 cents, made in the same period last year before a restructuring charge. Revenues advanced 22 per cent to $2.68bn.

Although earnings per share were a cent short of the median forecast, shares in the company rose $2⅜, or 5 per cent, to $51, amid signs that medical costs have begun to stabilise. Health maintenance organisations have been squeezed by a combination of rising medical costs and an extremely competitive market that has made it difficult to raise premiums.

Dr William McGuire, chief executive of United HealthCare, said he was "encouraged by the apparent stability in tha medical costs trend". Total enrollment last quarter rose by 4.6 per cent or 214,000 members, even as United implemented rate increases, he said.

Lisa Bransten, New York

Navistar profits slide

Navistar, the Chicago-based truck and diesel engine assembler, said profits fell sharply in the first quarter, hut rising demand for heavy trucks would allow it to re-engage 500 employees at its Springfield, Ohio factory this quarter.

The company forecasts that demand for heavy trucks in the US and Canada will reach 170,000 units this year, down 13 per cent from 1996. However, Mr John Horne, Navistar chairman, said the estimate was cautious. "While we have not revised our forecast, current order receipts indicate that there may be some strength beyond this level," he said. Navistar's first-quarter net incoma fell to $15m, or 10 cents a share, on sales of $1.2bn, down from $22m, or 20 cents, on revenues of $1.4bn in the first quarter of last year.

The company's worldwide shipments of trucks and school bus chassis, at 20,400 units during the first quarter, were 15.9 per cent lower than the first quarter of 1997. However, Mr Horne said orders for all classes of Navistar's trucks were up from the first quarter of 1996. *Laurie Morse, Chicago*

Andersen chief to step down

Mr Larry Weinbach, managing partner of Andersen Worldwide, the umbrella organisation for Arthur Andersen, the accountancy firm, and Andersen Consulting, is to stand down in August rather than seek a third four-year term.

Under his leadership, Andersen spun off its management and technology advice business under Andersen Consulting, while revenues have jumped from $2.8bn in 1988 to an expected $11bn this year. The worldwide organisation's 2,700 partners will in April consider options for the future of the firms. Mr Weinbach hinted that speculation that the two firms would formally split was unfounded. He said partners were committed "to resolving open issues of the firm's governance and to maintaining our organisational structure." *Jim Kelly, London*

Views sought on Bull venture

The European Commission has invited third parties to comment on a joint venture set up by Groupe Bull, NEC, and Packard Bell of the US, as part of an investigation under EU rules for vetting joint ventures.

NEC has acquired a 44 per cent stake in Packard Bell, while Bull has 16-26 per cent depending on future stock conversion provisions, giving each about 19 per cent voting equity in Packard Bell. The deal, first announced in June, will create the world's fourth-largest personal computer company.

In addition, Bull has sold to Packard Bell the whole of the issued share capital of its personal computer business, while NEC has transferred to Packard Bell certain assets of its worldwide PC business. NEC is excluding its PC business in Japan, China and the Asia-Pacific region from the venture. Interested parties have 10 days to make their comments.

Emma Tucker, Brussels

Lend Lease climbs 14% in first half

By Nikki Tait in Sydney

Lend Lease, Australia's biggest listed property and financial services group, yesterday announced a 14.2 per cent increase in after-tax profit, to A$160m (US$121m) for the first half to end-December.

Total revenues were A$1.03bn. Earnings per share, fully-dilutsd, rose from 58 cents to 64.4 cents. The interim dividend is increased from 43 cents a share to 48 cents.

The shares jumped when the results were announced, but fell back to close 11 cents lower at A$23.

The Sydney-based company confirmed it was still negotiating to buy Equitable Real Estate Investment Management, of the US, one of the largest managers of pension fund real estate investments with an estimated US$25bn portfolio.

Lend Lease said due diligence was under way, but it would not he making any further announcements before the end of February.

The profits increase came from both property and financial services.

The after-tax contribution from property rose from A$36.3m a year sgo to A$39.3m, with the contracted forward workload standing at a record A$2bn.

That excludes the recently-awarded contract to build the Olympic Village, in a consortium with Mirvac, a property group in whicb Lend Lease owns a 25 per cent stake.

Tbe company said it was still focused on the Sydney commercial market. But it continued to diversify offshore – notably into Asia, the US and the UK, where it is involved in the A$750m Bluewater sbopping centre development in Kent.

On the financial services side, profits increased from A$95m a year ago to A$104m. Funds under management rose from A$21.7bn to A$22.8bn. Retail sales increased hy more than 50 per cent, but corporate sales and cash flows declined.

The company said its gross gearing ratio fell to 2.8 per cent. However, if the Equitable deal materialised, gearing would rise. Mr David Higgins, managing director, described the gearing level as "prudent" and providing "flexibility to take advantage of opportunities".

C&P rises high on low-income housing

The Philippines group, which builds homes and organises buyers, is valued at more than $2.4bn

Some 20km from Makati, the business district of Manila where high-rise condominium and office blocks are sprouting at a breathtaking pace, a qmieter revolution is under way in housing.

With a land hank of 3,200 hectares – three-quarters of which is around Manila – Camella and Palmera Homes caters to the low and middla cost housing market, with units priced between 180,000 pesos and 3m pesos ($6,800-$114,000).

The group is 76 per cent owned by Mr Manuel Villar, who started a haulage company 20 years ago with 20,000 pesos and two trucks.

Following a 7bn peso initial public offering in 1995 at 12.7 pesos a share, the mass-housing pioneer is capitalised at more than $2.4bn. The offering was well received by investors, and the shares started trading at 16-17 pesos.

They are now on a historic multiple of 22, in line with the market average, and at a one-third discount to the property sector.

C&P Homes offers a one-stop shop, taking a buyer through the whole purchase, from assessing eligibility for government housing snbsidies through processing applications and arranging mortgages.

Once it secures approval for a government loan and takes an initial payment from the buyer, it builds a house and receives the balance from the government agency between four and eight months later.

Its success, says Mr Lorne Yawney, bead of research at BZW, the UK investment bank, in Manila, derives from its niche position in a strong market.

As analysts wonder how long the Manila property boom can last – bigh-end property prices have quadrupled in the past two and a half years – C&P Homes is well placed to supply the continuing strong demand for low-cost bousing.

Its land bank is estimated as lasting eight years, while the rapid rise in sales underlines the present strength of the low end of the market.

In 1993, the group sold 9,400 units. In 1996, that rose to 24,000. The target for 1997 is between 27,000 and 30,000, of which most will be priced below 500,000 pesos.

The constraint on building is not demand, land bank or financing, says the group, hut just the availahility of quality contractors.

Mr John Huang, chief financial officer, says: "We're not involved in high profile activities like golf courses, massive skyscrapers and resorts. We may have foregone opportunities in some segments, but our strength has been our focus."

So far the cautious approacb bas served the company well. Net profit jumped from 509m pesos in 1993 to 2bn pesos in 1995. Analysts expect that to rise to 2.67bn pesos for 1996, since the group strengthened its exposure to the middle income market from 3 per cent to 10 per cent.

This realignment reduced tbe group's traditional dependence on state funding agencies, which finance the purchase of most of the group's low-cost homes.

The company has also benefited from the increasing avsilability of non-government financing to prospective home-owners, primarily from banks.

Domestic banks have turned more attention to the retail market, spurred by competition from the 10 foreign banks that entered the Philippines in 1995.

The gronp's strategy of providing affordable bomes to the mass market is unlikely to change in the medium term. With new competitors rushing into the middle income market, the group will maintain its focus on the low end.

Mr Huang is expecting no slow-down in demand for at least five years. "We estimate there are still 3m households that can't afford our cheapest bouses," he says. "They'll be pulled into the market as the economy continues to grow."

However, C&P Homes' reliance on funding from the government's Unified Home Lending Programme (UHLP), has meant delayed payments in the past. At the end of the third quarter last year, total contract receivables stood at 7.7bn pesos. But with improved mortgage collection rates, and a significant reduction in defaults coming from a revamped collection system, this is unlikely to cause the group serious problems.

The group faces two external risks beyond its control, Mr Yawney says. The first is that "the financing side of things is susceptible to changes on the political scene." Nevertheless, C&P Homes expects funding under the UHLP to rise from 15.4bn pesos in 1996 to about 20bn pesos this year.

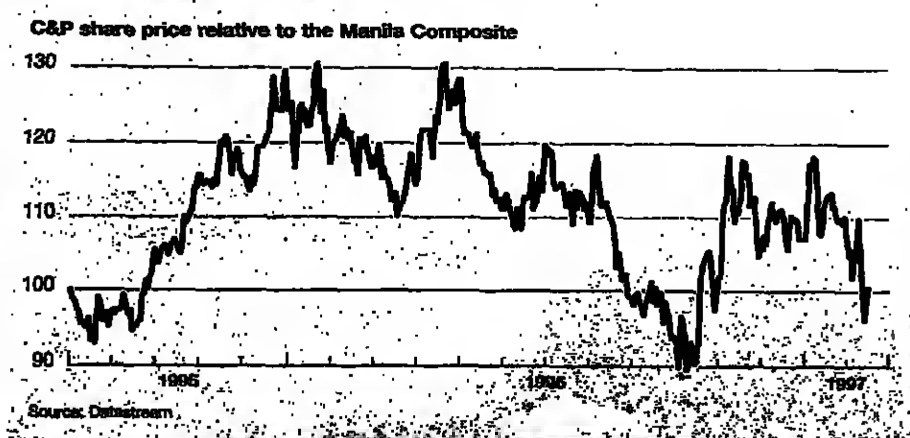
The second risk, Mr Yawney says, "the success of the group is contingent on continuing consumer confidence, which is necessary when one buys a house."

But he continues: "That's part of the macro-economic picture, and we're quite bullish on that too."

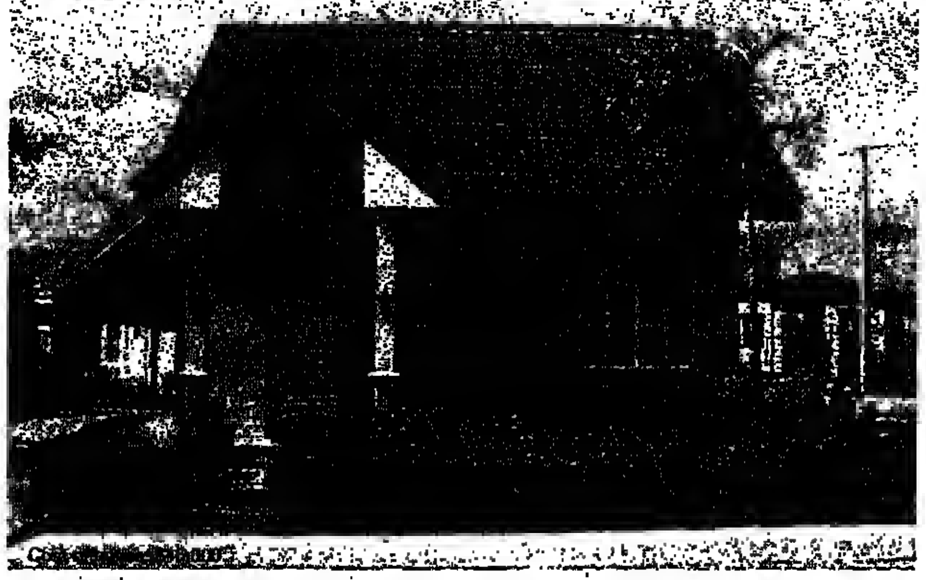
Justin Marozzi

Home sweet home

C&P share price relative to the Manila Composite



Source: Datastream



ASIA-PACIFIC NEWS DIGEST

Indian tracker fund launched

The first mutual fund to track an index of the National Stock Exchange in India, now the most active bourse on the subcontinent, has been launched after raising an initial $30m.

The London-listed, open-ended India Access fund will track the NSE 50 Index and be managed by Unit Trust of India, the country's largest fund manager, in consultation with Commercial Union, the UK insurance group. SBC Warburg was tha placing agent for the fund. Commercial Union will also be one of two lead investors for the fund, together with the Commonwealth Developmant Corp, the UK development finance institution. Of the initial fund corpus, Commercial Union has invested $10m while CDC has contributed $6m. The remainder has come from other institutional investors.

Dr Joseph Mariathasan, director of Commercial Union Investment Mangement, expected the fund would generate strong interest among foreign investors in Indian equities. He said that as most stock for the India Access fund would be sourced from UTI's other fund schemes, there would he little settlement risk and large quantities of stock would be readily available at "market rates", minimising errors in tracking the NSE 50 Index.

Tony Tassell, Bombay

PMP slides 2.7% at halfway

Pacific Magazines & Printing, the Australian magazine publisher in which Mr Rupert Murdoch's News Corporation bolds a 40 per cent interest, yesterday announced a 2.7 per cent fall in profits after tax in the six months to end-December, to A$30.5m (US$23.1m).

Sales were 22.3 per cent higher at A$589m, largely because of the recent acquisition of the listed Shomega group, which creates digital data and images for the graphic arts industry and produces compact discs. However, earnings per share fell from 13.9 cents a year ago to 12.2 cents. PMP blamed the profits fall on low levels of consumer demand in Australia. Earnings from publishing alone were A$1.5m lower at A$20.1m, hurt by a 10 per cent increase in paper prices. *Nikki Tait, Sydney*

Pewc agrees T$12.6bn loan

Pacific Electric Wire and Cable (Pewc), the Taiwanese group, has reached agreement with bankers to obtain a T$12.6bn (US$457m) syndicated loan to build a mobile phone network in Taiwan.

International Commercial Bank of China, lead underwriter for the loan, said yesterday that more than 40 banks had expressed interest in joining the deal and that details would be finalised shortly. Pacific Communications Services, a joint-venture company led by Pewc, is one of two privste-sector concerns which have won a licence to provide nationwide mohile-phone services. *Laura Tyson, Taipei*

IDBI raises $50m

The Industrial Development Bank of India, the country's largest development finance institution, has raised a $50m seven-year loan from Asahi Bank. The loan will be nsed by IDBI to lend to companies for the import of capital goods and for project-relsted expenditure. IDBI has now raised $380m in borrowings in the year to March out of a total of $550m it is allowed by tha Indian government to raise on the international market in 1996-97. IDBI said it was considering raising the balance of $170m on the euromarket hefore tha end of the fiscal year. *Tony Tassell*

Lebanese carrier finds new lease of life after rigours of war

Middle East Airlines is embarking on a modernisation plan with central bank help, reports **Roula Khalaf**

On a recent Middle East Airlines flight from Beirut to Brussels, passengers expecting to board a Boeing 747 or an Airbus 310 were instead flown on a 28-year old Boeing 707 that is about to be retired.

Ageing aircraft, antiquated equipmant and dismal service have plagued Lebanon's flag carrier for years as the country's political class fought over control of the airline.

But MEA is getting a new lease of life. The first sign of its rehabilitation – a new Airbus 320 – took off from the Beirut airport this month. The aircraft is the first of four newly leased Airbuses that will replace the eight Boeing 707s which make up half the airline's fleet.

MEA's modernisation comes courtesy of Lebanon's central hank. Bucking the worldwide move towards privatisation of airlines, the Lebanese government has, through the central bank, douhled its stake in MEA, taking control of 99 per cent of the shares.

Last autumn, the central bank swapped $100m of deht owed to it for equity in MEA and agreed to a further $125m capital injection, to be paid out over 18 months. The first tranche of $31m allowed the airline to start leasing new aircraft.

MEA kept flying during all but three of the 17 years of Lebanon's civil war, which ended in 1990. But it emerged from the war battered.

The devaluation of the Lebanese pound had turned its capital, worth $50m before the war, into a mere $100,000. In the first three post-war years, MEA racked up nearly $100m in losses and was forced to turn to Lebanon's central bank for loans.

Tha recapitalisation plan proposed by the former management fell victim to political squahhling between Mr Rafiq Hariri, the Lebanese prime minister, and Mr Nahih Berri, the speaker of parliament.

Mr Hariri wanted a change in management and insisted that new capital should be provided directly hy the central bank. Mr Berri preferred to see the capital injected through Intra, the company controlled hy the Lebanese government which ownad 62.5 per cent of the airline.

After more than two years, Mr Hariri won the battle. A new chairman, Mr Khaled Salam, took over in late 1995 with a mandate to restructure tha airline. A year later, the central bank hegan injecting funds.

Lebanon's central bank puts a market-oriented spin on the takeover. "It is not the central bank's vocation to own an airline," says Mr Nasser Saidi, vice-governor of the central bank. "We are acting as an investment bank and we had to put in more money to get a return on our investment. But once the airline is restructured, it will open up many options, including privatisation."

Mr Salam has had a turbulent start. In April, Israel bombarded Lebanon for 17 days, shattering plans to attract tourists. The 12 per cent increase in passengers projected during the year evaporated, and losses for 1996, announced yesterday, reached $50m, compared with tbe $35m deficit recorded the previous year. "The effect of the Israeli sttacks was catastrophic," says Mr Salam. He estimates that it cost MEA about $12m in lost revenues.

Mr Salam expects the airline to lose about $20m this year but to break even in 1998. Whether he hits his targets depends in part on factors outside his control, such as stability in the region.

What Mr Salam has more control over is improving service and reducing the airline's cost structure. With 31 carriers now flying into Beirut, MEA can no longer rely on Lebanese passengers' loyalty to their national carrier.

Despite political instability and a rise in fuel costs last year, Mr Salam says he cut costs by $17m by, for example, scrapping gifts for first-class passengers.

French and German consultants are helping devise a reorganisation whicb could get more than half the 4,300 staff off the MEA's payroll and allow the airline to hire new hlood.

Staff cuts will he achieved in part through outsourcing. A new catering company, jointly owned by MEA, bas already taken over 150 of tbe airline's employees. Ground bandling operations and engineering are now being considered for outsourcing.

"Passengers are only interested in service and new planes. We're improving both," Mr Salam says.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 14.02.97: Pool purchase price £/MWh	Final Prices to Trading on 17.01.97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.22	22.69	24.08
0100	17.62	22.69	24.08
0130	47.57	38.70	38.10
[illegible]	[illegible]	[illegible]	[illegible]

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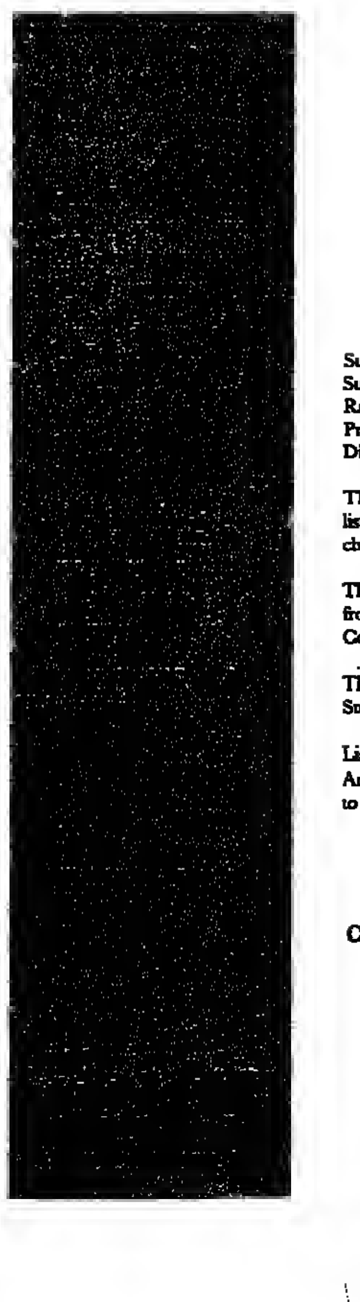


Royal Dutch/Shell continues search

By Robert Corzine

Royal Dutch/Shell, the Anglo-Dutch oil group, yesterday admitted it hsd failed to find any attractive large-scale acquisition opportunities on which to spend some of its $12.3bn cash pile.

In the course of reporting record profits of almost £5.7bn ($9.3bn) for the year to December, Mr John Jennings, the departing chairman of Shell Transport and Trading, said the group had considered making acquisitions across the broad range of its activities. "But it is really difficult to find any inspired acquisition opportunities," he said.

He noted that the company's size in some regions prevented it from pursuing a number of meaningful acquisitions or joint ventures, as it could easily fall foul of competition authorities.

Analysts who have criticised the company for keeping such large cash balances said it was not surprising it had failed to find any suitable acquisition opportunities. "There is an inbuilt predisposition to grow by themselves," said Mr John Toalster at Société Générale Strauss Turnbull. He noted that the company's cash balances are equivalent to 16.5 per cent of capital employed, against an industry average of 3-5 per cent.

Shell plans to boost capital spending over the next four to five years to $12bn-$13bn, against a current average of about $11bn. But even so it will remain financially flush. Mr Jennings conceded that Shell has "surplus financial capacity. But how much is spare is debatable," he said.

The sensitivity of the group to its high cash balances was such that it produced a chart showing that five other large international industrial companies husband even bigger cash hoards.

Sales rose 15 per cent to £110bn. The 30 per cent rise in profits for the year reflected the strong oil price through much of last year. Oil volumes were up by 2 per cent, but natural gas output rose sharply by 10 per cent. The generally positive upstream performance was underpinned by the fact that the company replaced its reserves last year for the first time in five years. Volume growth of 7 per cent was predicted for the rest of the decade.

Refining and marketing volumes grew by between 6 and 7 per cent, but it remained "a very tough business," with competition likely to remain intense in many key markets. Full-year profits for refining and marketing of £1.7bn were up 2 per cent, although the fourth-quarter results showed a 5 per cent fall to £327m.

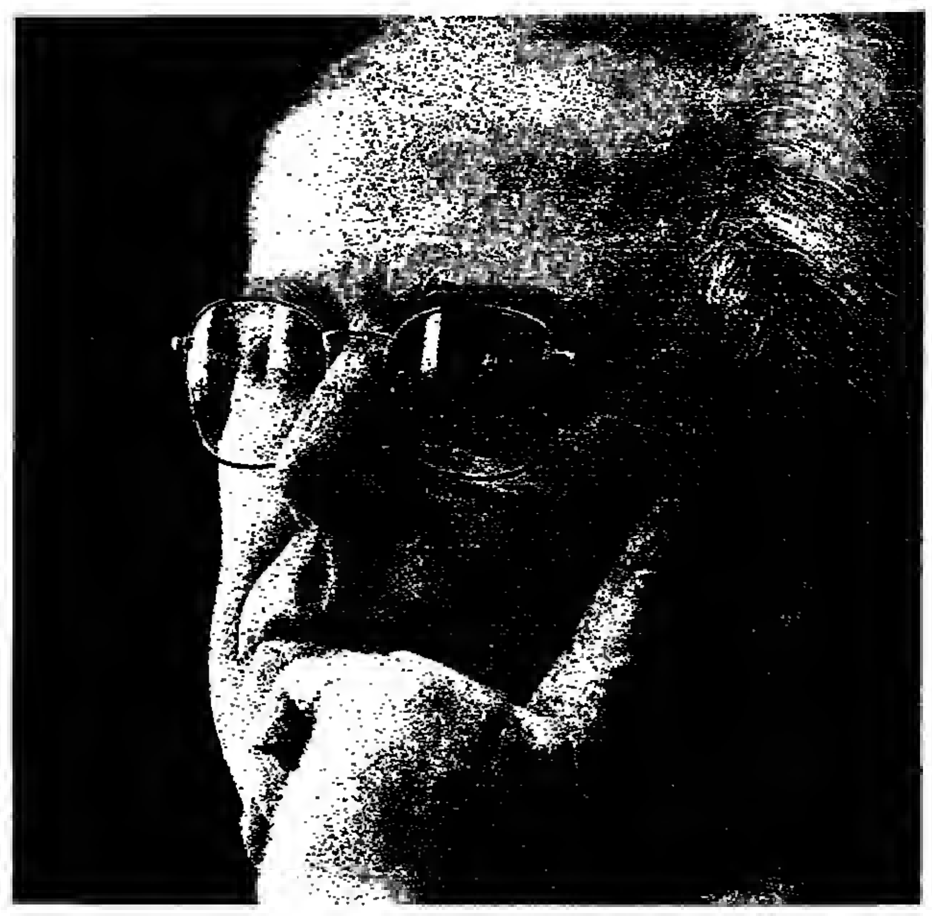
The chemicals side was hit badly by higher operating costs, and full-year earnings were off 40 per cent to £577m. There was a recovery in the fourth quarter, when chemical earnings more than doubled to £139m.

The company announced final dividends of 22.5p (20.4p) for Shell Transport and Trading, payable from earnings per share of 63.6p (47.8p), and Fl 6.25 (Fl 5.6) for Royal Dutch Petroleum, payable from earnings per share of Fl 17.87 (Fl 13.1).

Mr Mark Moody-Stuart, who will take over from Mr Jennings this year, said company was making good progress in reducing its vulnerability to the chemicals cycle. But 1997 was likely to remain a "tough year".

The strong performance last year resulted in a sharp rise in the company's return on average capital employed to 13.2 per cent, compared with 10.6 per cent in 1995. It is the main measure by which oil companies compare their performances, and the company's large cash balances hava traditionally depressed its performance.

The compsny also announced a 2-for-1 share split for Shell Transport and Trading and a 4-to-1 split for Royal Dutch Petroleum. Mr Jennings said the split was intended to encourage more private investors.



Brendan Corr

John Jennings: 'It is really difficult to find any inspired acquisition opportunities'

LEX COMMENT

ScotAm

What, precisely, do policyholders have to gain from the requirement that hidders in the auction for Scottish Amicahle must accept the board's decision as final? Not only are hidders having to promise not to put a rejected offer direct to policyholders; an unsuccessful hidder cannot even disclose publicly what its offer was. Such arcane matters, it is argued, are too complex to be entrusted to the mere owners of the business. Yet that is not the point. Even if policyholders find the valuation arguments mind-boggling, the threat of disclosure or a hostile bid would still usefully sharpen the board's incentive to make the right choice. Indeed, the more disclosure the board allows, the more convincingly it will be ahle to justify its decision.

British Gas

The gas regulator mada some powerful points yesterday about the Labour party's planned windfall tax. Tighter regulation means there is little prospect of windfall profits in future. And if there was s windfall early on, shareholders are certainly not still sitting on it: the shares have underperformed the market by 30 per cent since privatisation. If Labour calculates the tax sensibly – for instance basing it on stock market outperformance up to a relatively recent date – BG shareholders could conceivahly escape. Yet that would have a deliciously ironic result: since the tax has long heen priced into the shares, shareholders really would then land a windfall.

Williams expected to bid for Chubb

By Jane Martinson

Williams Holdings, the industrial conglomerate, is today expected to announce a £1.26bn ($2.05bn) recommended offer for Chubb Security, the alarms and locks group, in a move which will make it one of the world's leading security equipment manufacturers.

This latest sign of consolidation in the security industry is likely to be subject to a monopoly and mergers investigation as it combines two of the largest locks and fire extinguishers businesses in the UK.

Williams is expected to give undertakings to sell parts of these businesses to gain regulatory approval.

Takeover speculation prompted Chubb to make an announcement to the London Stock Exchange yesterday. It said a recommended deal was being discussed at a price "not expected to exceed a value of 450p per share", valuing it at £1.26bn.

Chubh shares rose 79p, or 23 per cent, to close at 420p yesterday. A 450p a share offer would be at a 43 per cent premium to the price before hid speculation emerged earlier this week.

The Stock Exchange launched an investigation into the share price movement last night. The premium, described by one analyst as "toppy" was in line with other bids in the sector.

Some brokers suggested that one of Chubh's North American competitors could emerge as a hidder. The most likely contenders included Tyco International and Republic Industries, the US conglomerates, and Honeywell, the US building services concern. Ingersoll-Rand, the US industrial manufacturer, was was ruled out by many analysts because of its recent acquisition of Newman Tonks.

Williams shares closed 3¼p up at 338p, valuing the group at £1.95bn.

Rover planning British emphasis

By Haig Simonian

Rover, the British car maker owned by BMW, is considering reviving old-fashioned names like "shooting brake" for its future models to emphasise its "Britishness" under its German parent.

Mr Walter Hasselkus, Rover's German chief executive, said it was "rather unlikely" Rover would retain the current three-digit model denominations for future passenger cars. "The strategy for model names is now under discussion", said Mr Hasselkus, appointed by BMW to run Rover last September.

BMW believes future Rover cars must re-emphasise the brand's "core British values" of the 1950s and 1960s. Shooting brake was a name used in the period to describe what is now called an estate car but the name is rarely used in common language today.

The names of Rover's current 400/600/800 series line-up were coined in the 1980s to emphasise its break with the past via its technological alliance with Honda of Japan under British Aerospace's ownership.

Ironically, the 400/600/800 denominations were a barely disguised emulation of BMW's established 3, 5 and 7 Series titles as part of attempts by British Aerospace, Rover's previous owner, to position Rover as "the British BMW" in the 1980s.

The 200 station wagon, for example, was called the Tourer in a blatant allusion to BMW's similar, but far more successful, 3 Series Touring model.

BMW's plans to emphasise "cora British valnes" include the greater use of wood and leather in Rover interiors and more curvaceous exterior styling.

Stressing Rover's traditional valnes is key to BMW's strategy to turn around the lossmaking British brand by boosting exports. Mr Hasselkus said he expected exports to sccount for "over 60 per cent" of sales within a few years.

Exports accounted for 54 per cent of turnover last year – the first time they had exceeded half of turnover in its history.

Tesco breaks up NatWest alliance

By Peggy Hollinger and George Graham

The alliance between National Westminster Bank and Tesco, Britain's largest supermarket chain, broke up abruptly yesterday just nine months after the two groups launched their innovative debit card scheme.

Tesco yesterday switched its loyalty to Royal Bank of Scotland, announcing a joint venture to provide a much wider range of financial services, stretching from credit cards to life assurance.

Lord Maclaurin, outgoing chairman of Tesco, resigned from the NatWest board "in light of Tesco's decision to develop its own retail banking business". Besides developing new products with the Royal Bank of Scotland, Tesco will also shift the administration of Clubcard Plns, the interest bearing debit card and loyalty scheme it launched with NatWest in June.

Lord MacLaurin's resignation follows the abrupt departure of two other retailers from bank hoards. Sir Richard Greenbury, chairman of Marks and Spencer, and Mr John Gildersleeve, a director of Tesco, were asked to leave the Lloyds TSB board in December because of the growing competition between their businesses.

While both NatWest and Tesco tried to argue that the parting of ways came without acrimony, it was clear the bank had not been aware of the move before the public announcement yesterday.

NatWest admitted it had been taken aback, while analysts said the rift clearly showed supermarkets held the whip hand.

Calm seas with no icebergs

George Graham finds bank shares are kept at a discount despite hopes of strong results

After three years of improving returns, a strong profit performance from the UK banks has almost come to be taken for granted by the stock market.

Starting with Lloyds TSB today and continuing until HSBC Holdings wraps up the season on March 3, the banks are expected to report, once again, reduced costs and low loan defaults.

This year, for a change, loan volume is likely to have picked up. Mortgage lending rose 5 per cent last year, and margins have improved as cashback and discount offers have started to disappear. Business lending, too, has advanced modestly, with volumes up 5 per cent. High-margin consumer loans, on the other hand, have advanced 14 per cent, compared with 10 per cent in 1995.

The outcome is a return on equity likely to exceed 18 per cent for each of the six banks in the sector.

Aggregate profits for the sector are expected, despite a large exceptional charge at National Westminster in the first half, to come in at about £12.5bn, up 15 per cent.

The dividend stream is expected to remain strong. On top of that, analysts are expecting Mr Martin Taylor, Barclays chief executive, to deliver another share buy-back. Mr Derek Wanless, at NatWest, may do likewise. Investors have taken notice, and the hanks sector has outperformed the FTSE 100 index by about 20 per cent over the past six months.

Banks have historically traded at much lower price/earnings ratios than the rest of the market – with exceptions such as the last recession when the ratio was distorted hy the slump in bank earnings.

Today, with a p/e at about 84 per cent of the market's, the sector is above its long-term multiple, and it will he hard to convince investors it should move up to the same rating as the market overall.

The idea that banking is a cyclical business remains firmly in fund managers' memories, and many wonder how long it can be before the next chasm opens up to swallow bank shareholders' money.

Bankers, after all, have often appeared to be relentless in their pursuit of the next appetising banana skin.

This time, however, the UK banks insist things are different. In an economy where low inflation and low interest rates have become more embedded, there is less danger of the lending excesses of the 1980s.

Moreover, they say, banks are now far hetter equipped to spot the pitfalls and control their risks.

"At the start of the last recession you had balance sheets growing at 30 per cent a year, no understanding of risk profiles, no segregation between personal and corporate lenders in risk. We had no radar, and icebergs were littering the place," said one senior UK banker.

This time around, several of the larger banks have already reined in their lending, anticipating higher interest rates and slower economic growth after the general election.

"Tbat makes us very cautious lenders in areas such as small business and personal overdrafts," ssid another.

Banks like Barclays have led the way in applying sctuarial techniques, already used for example in assessing credit card limits, to business loans.

The result is that interest rates are more accurately linked to risk, with the strongest companies paying less than before and the weakest significantly more.

Credit losses, meanwhile, still show no signs of deteriorating.

"Our arrears performance has been improving month by month for three years now. Each month the guys say it must have reached hottom now, and each month it gets better again," said Mr Andrew Longhurst, chief executive of Cheltenham & Gloucester, the mortgage and savings division of the Lloyds TSB group.

This rosy picture of the immediate outlook for banks contrasts starkly with chatter about a grim future, with the industry predicted to fsce intense competition from new suppliers of financial services such as supermarket chains, utilities and software groups.

Thst may take years to come ahout, if It ever arrives. But its spectre alone is likely to keep the banks sector trading at a discount to tha market for years to come.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Armitage Bros	28 wks to Dec 15	15.5	(14)	1.03	(0.937)	17.1	(15.5)	3.3	Apr 15	3.1	-	7.2
Bensons Crisps	Yr to Nov 30	32.8	(31.2)	2.03	(0.747L♠)	4†	(1L)	0.75	Apr 23	nil	1	nil
Hollas	6 mths to Dec 31	52.8	(45.1)	0.18L♠	(3.29L♠)	0.14L	(2.7L)	-	-	-	-	-
Morgan Sindall	Yr to Dec 31	283.1	(175.2)	5.17	(3.03)	13.13†	(8.03)	2.85	-	1.85	4.2	2.7
Shell Transport	Yr to Dec 31 ‡‡	110,034	(95,449)	5,691♥	(4,375♠)	63.5	(47.8)	22.5	May 21	20.4	36.9	33.3
Ward	Yr to Oct 31	35.7	(29.8)	2.98L	(3.51)	5.7L	(6.7)	nil	-	1	nil	1.5
Willis Corroon	Yr to Dec 31	685.5□	(666.6□)	91.6	(50.2♠)	13	(7)	1.65✱	Apr 1	1.65	-	6.6

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Edinburgh Java	Yr to Dec 31	35.3	(36.53)	0.083L	(0.099)	0.28L	(0.33)	nil	-	0.15	nil	0.16
Kleinwort Charter	Yr to Nov 30	344.9	(291.7)	5.43	(4.83)	6.71	(5.96)	0.8	Apr 6	4	5.85	5.5
Tor	6 mths to Jan 31	1,845	(1,665)	0.939	(0.924)	23.287	(22.918)	11#	Apr 30	10	-	41♣
Fleming Overseas	6 mths to Dec 31	386.8	(389.5)	2.69	(2.93)	2.02	(2.21)	1.5	Mar 27	1.5	-	4.6

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡‡Profit figures are shown after tax and minorities. □Gross income. ✱First interim for 1997. #Second interim; makes 22p to date. ♣Included foreign income dividend element.

NEWS DIGEST

NatWest creates new business unit

National Westminster Bank has hrought together its fund management, life assurance and private banking operations to create a new business unit called NatWest Wealth Management. The new unit will be headed by Mr Paul Myners, chairman of Gartmore, the fund management group NatWest bought last year.

Besides Gartmore, NatWest Wealth will also include NatWest Life & Investment Services, the group's life assurance arm, Coutts, its private banking group, will join in 1998 after it has completed an internal restructuring. In addition, NatWest Ventures, which provides private equity to invest in unquoted companies, will be brought into the group.

The Wealth grouping is intended to set apart NatWest's various interests in the long term savings market from the shorter term savings targeted by its main retail bank. Wealth, however, is a label thet is aimed largely at investors in NatWest shares. It is not intended to replace more familiar brand names such as Coutts and Gartmore in the broader savings market.

Analysts said it indicated that NatWest might be less likely now to pursue further acquisitions in the life assurance sector. *George Graham*

Rank completes top team

Rank Group will today announce that Mr Jerry Fowden, former chief operating officer of Bass Brewers, is to become managing director of its holidays division.

The appointment completes the senior management team assembled under Mr Andrew Teare, chief executive since April, and comes a week before the diversified leisure and entertainment group reports its results for 1996. The holidays division has been targeted by analysts for its dull performance. It includes Butlin's and the £100m Oasis holiday village dne to open in the Lake District in May.

Mr Teare said that the company, which is one of the world's largest video duplication suppliers, had decided to go into digital video disc duplication, probably within the next 18 months.

Mr Teare also said that changes to Rank's internal tax structure, enabling it to sell its stake in Rank Xerox without incurring a hefty capital gains tax hill, would take another month to complete. The stake in the office equipment joint venture with Xerox of the US is valued st £930m in Rank's balance sheet. Xerox is the most likely buyer. *Scheherazade Daneshkhu*

Clyde/Gulf battle 'close'

Clyde Petroleum said the fight against Gulf Canada Resources' £494m hostile takeover bid was "very, very close" yesterday as two analysts backed its battle for independence.

Brokers at SBC Warburg and BZW advised the UK oil independent's shareholders to reject Gulf's 120p a share cash offer before next Tuesday. Both argued that Clyde's prospects would yield more value for shareholders over the longer term.

Mr Malcolm Gourlay, Clyde's chairman, said the bid was likely to be "very, very close" because "up to 49 per cent are going to sell, not because they don't believe what Clyde is saying but for portfolio reasons and all sorts of other reasons".

Gulf, which has bought 29.9 per cent of its target, has until next Tuesday to gain control. *Jane Martinson*

AMP signs agreement

Australian Mutual Provident, Australia's biggest life insurer, yesterday became the third group to sign a confidentiality agreement giving it access to the hidding for Scottish Amicable. Prudential and Abbey National signed similar agreements earlier in the week.

Morgan Stanley and Dean Witter hope to avoid a culture clash, says **Tracy Corrigan**

Banking on integration

When Morgan Stanley's chairman, Dick Fisher, announced the merger of the US investment bank with *retail* brokerage Dean Witter Discover last week, he was characteristically blunt about the challenge: "If our two firms can't get this kind of thing right, it says something about our ability to help our clients."

His confidence may be reassuring, but the history of mergers and acquisitions among the financial institutions is not: American Express and Shearson Lehman; Swiss Bank Corporation and S.G. Warburg; Deutsche Bank and Morgan Grenfell – all have been more painful than envisaged by their instigators.

The usual explanation for discord following such mergers is "culture-clash". It is notoriously difficult to get arrogant, highly-paid investment bankers to work effectively with commercial bankers or brokers they consider their inferiors.

In turn, the brokers resent the higher pay and better perks of their new colleagues. For example, when brokerage Smith Barney hired a team of mergers and acquisitions specialists from Morgan Stanley in 1993 to beef up its investment banking operation, resentment boiled over as Smith Barney investment bankers watched from steerage as their new colleagues swanned into first class aircraft seats.

On the face of it, the Morgan Stanley and Dean Witter link-up has all the hallmarks of a classic culture-clash. Morgan Stanley is a blue chip, global investment bank, while Dean Witter is decidedly middle market.

But there is some common ground. Both companies are considered tightly run and well managed, in sectors where this is not the norm. "They are both strongly performance-driven," according to James Quella, a director of Mercer Management Consulting. At both companies, senior management is credited with eliminating the "star" system and imposing a strong corporate culture.

"When we first met with Morgan Stanley, we were struck by how similar the management styles were," says Mitch Merin, the Dean Witter executive in charge of managing the transition.

But the best reason for feeling sanguine about the merger is that there seems to be relatively little true merging on the agenda. Morgan Stanley's clients are institutional investors and big companies, while Dean Witter's clients are retail investors, and some smaller companies.

"The fact is that investment bankers on Wall Street aren't going to have much contact with a branch office in Des Moines," says Bob Scott, the Morgan Stanley executive who shares responsibility for the merger process.

There is "so little overlap that it's not threatening."

And even in areas where there is overlap, the approach appears to be gradualist. "The assumption is that the [retail and institutional] businesses [of the two companies] are very different and it makes more sense to keep them different," says Scott.

Scott at Morgan Stanley and Merin at Dean Witter have put together a small group of staff which is assembling teams to work out how to reap benefits in different parts of the businesses.

Initially the plan is to bring together the corporate finance groups – an area where Morgan Stanley is strong but Dean Witter has some presence. This should benefit both: Morgan Stanley will be able to market its new retail distribution to corporate clients, while Dean Witter brokers will have more and better products to sell to clients.

There will be no effort, at least in the short term, to consolidate asset management, the one business where both companies are strong.

Such an integration would be complex, given the different strands and brand names within the asset management businesses. "Certainly for a while and maybe forever there is a way to run these businesses in parallel," says Scott.

One important decision has already been taken: Morgan Stanley Dean Witter will not be bringing in management consultants, despite many offers of help.

"We have people who can manage the integration process and who understand the business," says Scott.

"We want to develop plans in-house so the people who have to live with them feel ownership of them." Management consultants may be brought in at a later stage, but only to implement specific plans drawn up by the in-house teams.

Don McNees, a consultant at Towers Perrin, believes "the slow pace towards integration is actually the right path in this case: there is no need to be in a rush – both companies are operating very well".

However, he adds, there is a danger in failing to tackle the issue of integration at all: "If all it is to be is a financial holding company, why go to the trouble of a merger?"

John Kay

Don't just do it

Albania's pyramid selling debacle highlights one trap for emerging market economies

Angry Albanians demonstrate against the government

The Titan Business System is a simple form of chain letter. Each agent pays to join, and hopes to be amply repaid by other agents who are subsequently persuaded to join. There is nothing more to it than that. There is no detergent in the garage, there is no pile of plastic kitchenware in the living room.

All the scheme does is to redistribute money from those who join the club late to those who join it early, and nothing is produced except rich pickings for those who organise it.

When Britain's Department of Trade and Industry tried to shut Titan Business Club down last year Patrick Minford, one of chancellor Kenneth Clarke's wise men, was quick to denounce its action as Stalinist bureaucracy.

The Albanians, who know more about Stalinist bureaucracy than most people, have learnt better. The collapse of similar schemes in their country has led to demonstrations that threaten the government. Some of them might even like a little Stalinist bureaucracy back.

Incredibly, Minford is only mildly repentant. True, he does now acknowledge the need for some regulation. But he still denounces the DTI's secret police, claims that pyramid selling is an important business tool, and applauds chain letters as business games, involving skills, high returns and high risks.

We should sympathise with the Albanians. Scams of this kind are common in all early-stage market economies. The 17th century Dutch, the founders of modern capitalism, succumbed to tulip mania. A hundred years later the English were avid subscribers to the South Sea bubble. Even in the 1920s, Americans were buying patches of Florida swamp at *inflated prices* in the expectation that they would sell them on at even higher prices to other people.

But as capitalist economies mature we acquire lessons from experience. Most of us learn the difference between an investment and a lottery and a range of social and regulatory institutions evolve to help us.

But, it seems, not everyone learns to make these distinctions. Not Peter Baring, who thought it was remarkably easy to make tens of millions of pounds by buying securities in Singapore and selling them at a higher price in Osaka. *Nor Patrick Minford.* We need to distill more carefully our knowledge of how markets really work.

In the past two decades we have understood that markets are much better allocators of resources than bureaucrats. But that does not mean that "just do it" should be the slogan of a successful market economy.

One of eastern Europe's problems today is the influence of western economists who have told those emergent economies exactly that. And some of them are even described as wise men.

When you take something that is worth £1, and turn it into something that is worth £2, you add £1 of value and make a profit of £1. And if I have something that is worth £1 to me, but is worth £2 to you, then we can find terms of exchange that are profitable for both of us.

These are the basic principles of efficiency in production and exchange. They equate private and added value. They provide the basic truths behind Adam Smith's metaphor of the invisible hand.

But there are other transactions which look like these, but whose substance is different. There is noticing that something is worth £2 when others think it is worth only £1. Now if no one else would ever have noticed the same thing, this is *almost as useful as* adding £1 of value. An oil company which finds reserves which no one else could have discovered has not manufactured the oil, but what it has done is just as useful.

On the other hand, if someone else would have found out a few minutes later, the value you add by being the first to notice is very small, although the profit is still £1.

That is why gold rushes are another common feature of early-stage capitalism. They attract effort disproportionate to the economic importance of the activity, because everyone hopes to find the gold first. And then there is persuading others that something previously worth £1 is actually worth £2.

Sometimes this is harmless enough, as when people are led to believe that the right brand of perfume, or jeans, will make them attractive to the opposite sex and therefore that they should command a higher price. But mostly this is the point at which law and regulation starts to intervene. And so they should.

Now a dangerous weakness of unbridled capitalism is that noticing that a £2 asset is selling for £1, or persuading people to pay £2 for a £1 asset, is often easier and quicker than turning £1 of materials *into £2 of output.*

Many more large fortunes are made by buying something cheap and selling virtually the same thing dear – property, shares, companies, currencies – than by establishing productive businesses.

That is why these kinds of activities have an irresistible attraction for the naive and credulous and also account for a disproportionate fraction of the ablest talent in modern economies.

They need to be kept under control, by a mixture of regulation and social restraint. If they are not, then the fate of the naive and credulous will threaten the whole structure of a market economy - as in Albania.

And if they are not, then much of the limited talent we have in modern business will be devoted, not to adding value, but to buying and selling the same things over and over again – as in modern Britain and the United States.

John Kay is a director of London Economics and prospective director of the School of Management Studies at Oxford University. This column appears fortnightly

INTERNATIONAL CAPITAL MARKETS

Gazprom loan three times subscribed

By Conner Middelmann

A large project finance loan for Russia's Gazprom, the world's biggest natural gas producer, is already three times snbscribed even before going into general syndication, Dresdner Bank, the arranging bank said yesterday.

"We have received underwriting offers worth more than $7bn," said Mr Bernd Fahrholz, head of Dresdner Bank's global finance division.

While an increase of the $2.5bn transaction may not be on the cards, observers expect Gazprom to return to the market soon in order to cash in on the tremendous interest generated by this transaction.

Mr Fahrholz puts the deal's success down to its structure, which he said minimised tbe risk. Although Gazprom will service the loan itself, a trigger mechanism is built in so repayments could he made from the proceeds of gas sales to west European utilities if necesaary. This device was designed to reassure the banks, while enabling Gazprom to raise money on the international capital market without state backing.

The facility has an eight-year maturity and will pay a margin of 200 basis points over London interbank offered rate (Libor).

International bankers' enthusiasm for the deal is thought to he partly motivated by their desire to forge a commercial relationship with Gazprom that might lead to subsequent business.

The loan will go towards funding the construction of a 4,200km pipeline from the Yamal peninsula gas fields in western Siberia to Frankfurt an der Oder, an east German town on the border with Poland, which is expected to start phased operation in 1998.

Observers in the international syndicated loans market expect more syndicated loans for Gazprom in the coming years, and the company is also expected to tap the eurobond markat this year for $250m to $500m.

Dresdner Kleinwort Benson, jointly with Morgan Stanley, arranged Gazprom's debut on the international equity market last October, whan it raised $429.3m through the international sale of American Depositary Shares.

● The Latvian Privatisation Agency said Gazprom had asked for the deadline for it to sign an agreement on buying a stake in Latvian Gas to ba extanded to March, Reuter reports.

Mr Janis Naglis, LPA director-general, said Gazprom had asked for the delay as it wanted to clarify the financial situation of Latvian Gas.

Italian BTP yields climb above gilts

GOVERNMENT BONDS

By Samer Iskandar in London and Lisa Bransten in New York

The yield on 10-year Italian bonds yesterday climhed above that of similar UK gilts for the first time in almost three months.

Italian BTPs have underperformed other European bond markets for five consecutive sessions on rising douhts over the country'a chances of joining European monetary union as a founding member.

On Liffe, the March BTP future closed 0.53 lower at 130.49, after reaching an intraday low of 130.30. In the Italian cash market, the 10-year benchmark bond lost 0.43 at 104.29, its yield spread over bunds widening hy 8 basis points to 171 points.

Economists said the government'a will to tackle key budgat issues, such as reform of the pension system, had seemed to wane.

"It looks like the government may be preparing to back down from the idea of bringing forward the 1998 budget to the summer," said Mr David Brown at Bear Stearns. "The fact that BTPs haven't capitalised more on the dollar's recent apurt higher is not encouraging for Italy's future convergence prospects."

In the UK gilts market, prices of 10-year issues have risen by roughly 4 per cent since the beginning of the year. Yesterday, Liffe's March long gilt future fell $\frac{1}{16}$ to settle at 113$\frac{3}{16}$. Traders were disappointed that the core component of retail price inflation, which excludes mortgages, had not fallen in January from December's 3.1 per cent.

However, analysts said the bearishness was likaly to he short-lived. "The underlying inflation outlook is brighter than the headline numbers indicate," said Mr Simon Briscoe, chief UK economist at Nikko Europe. "The rise is largely accounted for by housing and seasonal food prices." The headline rate of growth in retail prices was 2.8 per cent, up from December'a 2.5 per cent.

Weaker than expected data on retail sales in January belped US Treasury prices advance in quiet trade ahead of the final leg of the Treasury's quarterly refunding.

Near midday, the benchmark 30-year Treasury was ¼ stronger at 97$\frac{3}{16}$ to yield 6.684 per cent, while the two year note added $\frac{1}{32}$ at 100$\frac{1}{32}$, yielding 5.839 per cent.

There was little nervousness ahead of the Treasury's auction of $10bn in 30-year notes, despite weak demand shown at Wednesday's sale of $12bn in 10-year notes.

The market got some support from news that January retail sales had risen 0.6 per cent, slightly less than economists' expectations of 0.7 per cent. But gains from that number were held back by a large drop in the number of people filing first time claims for unemployment benefits last week.

"The drop in new claims for the February 8 week could signal a troubling further tightening in labour market conditions," said Mr Joseph Liro of CIBC Wood Gundy in New York, and this could prompt a rise in interest rates.

Colombian global debut well received

INTERNATIONAL BONDS

By Edward Luce, Samer Iskandar and Conner Middelmann

Colombia's global US$1bn bond set the tone yesterday in trading marked by a series of debut issues.

Apart from the Colombian issue, comprising a 10-year US$750m global bond and a 30-year bond at $250m, tbere were two other maiden offers, including a DM250m issue by Turkiye Halk Bank – tbe first eurobond by a Turkish financial institution – and the first 10-year eurorand bond, by tbe International Finance Corporation.

A spokesman for J.P.Morgan, which led the Colombia issue with Merrill Lyncb, said the 10-year tranche was four times oversubscribed and the 30-year five times.

Yield spreads on botb bonds tightened in early trading, with tbe 10-year narrowing to 127 basis points from an initial spread of 130 points over US Treasuries and the 30-year tightening to 168 basis points from 170 points at launch.

Syndicate managers said the issue was widely distributed, with 53 per cent of the 30-year paper and 64 per cent of the 10-year bonds going to US investors. Some 29 per cent and 16 per cent, respectively, went to European investors.

"The deal has met overwhelming demand," said J.P.Morgan. "The fact that Colombia has investment grade ratinga and a very good history on its debt management obvlously helped."

The IFC also drew attention witb tbe first 10-year eurorand issue – R500m of zero-coupon bonds. Hambros Bank, the lead manager, said investors had been encouraged by the appreciation of the rand from R470 against the dollar to R440 this year and higb level of redemptions of previous one-year eurorand issues.

"The fact that the rand bas appreciated has enabled this deal to go ahead," said Mr Gerry Moes, director of syndicate at Hambros.

Hambros also pointed out that total issuance of euro rand bonds since the beginning of the year was approaching R4bn.

Strong demand for Halk Bank's dehut eurobond prompted J.P.Morgan and UBS, the lead managers, to increase the offer by DM100m to DM250m. The five-year bonds, offered at a yield of 348 basis points over bunds, rose by half a point from the par re-offer price, according to Halk Bank.

"This is the first deal ever hy a Turkish bank," said Mr Barbaros Olcay, vice-chairman of Halk Bank. "We had thought about issuing in dollars or a multicurrency, but investor demand is so strong in Germany we thought it was hetter in D-Marks."

Cargill, the largest private company in the US, with annual revenues of $50hn, returned to the market after a 10-year absence with the first deal under its $1bn MTN programme.

Morgan Stanley, the lead manager, said Cargill bad met its objective of accessing a wide range of retail and institutional investors in Europe and Asia.

Toyota Motor Credit Corporation issued DM500m of bonds due December 2001, aimed largely at Swiss and continental European retail accounts, traditionally keen buyers of TMCC debt. The deal was led jointly by Deutsche Morgan Grenfell and Goldman Sachs.

The bonds were priced at a spread of 5 basis points over German government bonds, which widened slightly after they were freed to trade. A DM1bn issue of bonds due 2001 for TMCC, launched last October at a spread of 5 basis points, now trades at 2 basis points below bunds.

Elsewhere, Fannie Mae's innovative £1bn of global bonds continued to see good flows, having been heavily oversubscribed. Lead managers BZW and Merrill Lynch reported a combined total order book of £1.65bn.

Elsewhere, ANZ investment Bank announced it had been mandated to lead manage Pakistan's forthcoming three-year bond issue.

ANZ said It would condnct a road-show in March and launch the deal before the end of that month. It will he Pakistan's first international offering since the February 3 election.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Citicorp(a)‡	300	(a)	99.79R	Feb 2004	0.20R	-	Citibank/JP Morgan
Cargill	200	6.25	100.1R	Mar 2000	0.20R	+12(5⅞%-00)	Morgan Stanley Intl
CS Financial Products(b)‡	150	(b)	99.84R	Perpetual	0.75R	-	CS First Boston
Republic of Colombia A(s)	750	7.63#	99.71	Feb 2007	-	130(6¼%-07)	JP Morgan/Merrill Lynch
Republic of Colombia B(s)	250	8.38	99.88	Feb 2027	-	-	JP Morgan/Merrill Lynch
State Bank NSW(s)★	150	5.814	100.00	Aug 1998	-	-	JP Morgan
Fokus Bank(c)‡#	100	(c)	99.80R	Perpetual	-	-	Salomon Brothers
D-MARKS							
Toyota Motor Credit Corp(s)	500	4.38	99.57R	Dec 2001	0.25R	+5(bnd9/01)	Deutsche MG/Goldman
Union Bank of Switzerland	350	5.75	98.87R	Mar 2007	0.35R	+35(6%-07)	UBS
Turkiye Halk Bankasi	250	8.00	100.0R	Feb 2002	1.50R	348(bd1/02)	JP Morgan/UBS
First Austria Bank	150	8.00	99.29R	Mar 2007	0.40R	+55(6%-07)	Merrill Lynch
YEN							
Nippon Oil Fin (Netherlands)	5bn	1.33	100.25	Feb 2001	0.25	-	Sakura Finance Intl
NEW ZEALAND DOLLARS							
BayerHypo	100	7.50	100.9R	Mar 2000	1.33	-	Toronto Dominion
STERLING							
Westpac Banking Corp‡	250	(d)	99.96R	Mar 2002	0.13R	-	HSBC Markets
SOUTH AFRICAN RAND							
IFC	500	zero	28.00	Mar 2007	1.38	-	Hambros Bank
ITALIAN LIRE							
Merrill Lynch & Co‡	300bn	(e)	100.0R	Mar 1999	0.10R	-	Credito Italiano/Merrill
Nordic Investment Bank(f)	150bn	8.00	99.0R	Mar 2007	0.10R	-	Cariplo
GUILDERS							
DSL Bank	200	4.75	99.55R	Mar 2003	0.28R	+7½(7%-03)	Rabobank
ECU							
Abbey National Treas Serv(g)	100	5.00	101.6R	Dec 2000	0.20R	-	UBS

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. # Semi-annual coupon. R: Fixed re-offer price; fees shown at re-offer level. a) Callable from 27/2/01. 3mth Libor +6.25bp. b) 3mth Libor +75bp. Steps-up 3/07 to 3mth Libor +175bp. Callable at par on 3/07, then every 5 yrs at par. c) 6mth Libor +70bp to call date: steps-up to 6mth Libor +145bp. Callable from 3/03/04 and on coupon dates thereafter. d) 3mth Libor flat. e) 3mth Libor +5bp. f) For yrs 1–5 then 12¾% minus reference rate 12mth Libor, fixing annually subject to minimum coupon of 3.5%. Call option at par on 7/3/02. g) Fungible with Ecu200m. Plus 80 days accrued interest. §) Over interpolated yield. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		8.750	11/06	95.7258	-0.070	7.37	7.32	7.62
Austria		5.625	01/07	100.5300	+0.130	5.55	5.69	5.98
Belgium		6.250	03/07	104.8700	+0.150	6.33	5.64	6.07
Canada *		7.000	12/06	105.3500	+0.570	6.26	6.41	6.58
Denmark		8.000	03/06	112.3600	+0.120	6.18	6.36	6.65
France	BTAN	5.500	10/01	104.8397	-	4.34	4.47	4.72
	OAT	6.500	10/06	108.1700	+0.010	5.40	5.54	5.92
Germany Bund		8.000	01/07	103.2900	-	5.56	5.68	5.97
Ireland		8.000	08/06	111.1500	+0.020	6.39	6.52	6.90
Italy		7.750	11/06	104.2900	-0.430	7.13†	7.09	7.56
Japan	No 143	6.300	09/01	121.3336	+0.080	1.37	1.38	1.64
	No 182	3.000	09/05	104.5007	+0.190	2.37	2.39	2.63
Netherlands		5.750	01/07	102.3600	+0.100	5.31	5.49	5.87
Portugal		9.500	02/06	119.2000	+0.700	6.61	6.70	6.95
Spain		7.350	03/07	103.9500	-	6.86	6.71	6.93
Sweden		8.000	08/07	109.9932	+0.160	6.64	6.79	6.91
UK Gilts		8.000	12/00	104-05	-	6.74	6.88	7.32
		7.500	12/06	102-19	-2/32	7.13	7.27	7.74
		9.000	10/08	114-00	-1/32	7.21	7.36	7.81
US Treasury *		6.500	10/06	100-22	+2/32	6.40	6.46	6.52
		6.500	11/26	97-17	+6/32	6.69	6.76	6.75
ECU (French Govt)		7.000	04/06	108.4300	+0.200	5.79	5.91	6.27

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	5.86
Prime rate	8¼	Two month	-	Three year	6.00
Broker loan rate	7	Three month	5.14	Five year	6.16
Fed.funds	5¼	Six month	5.22	10-year	6.37
Fed.funds at intervention	-	One year	5.48	30-year	6.70

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	131.90	131.92	+0.18	131.98	131.76	84,872	144,172
Jun	130.64	130.64	+0.18	130.64	130.50	848	15,032
Sep	128.96	128.96	+0.18	128.96	128.96	50	876

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Mar	Calls Apr	Calls Jun	Puts Mar	Puts Apr	Puts Jun
128	3.92	2.74	3.07	-	0.11	0.45
129	2.93	1.87	2.30	0.01	0.24	0.68
130	1.96	1.09	1.62	0.04	0.45	0.98
131	1.04	0.56	1.09	0.12	0.92	1.45
132	0.34	0.21	0.67	0.42	-	2.02

Est. vol. total, Calls 24,176 Puts 16,851. Previous day's open int., Calls 156,948 Puts 184,398.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.20	103.19	+0.09	103.26	103.05	155779	248151
Jun	102.35	102.34	+0.10	102.37	102.22	9880	19879

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
10300	0.41	0.39	0.65	0.82	0.22	1.05	1.31	1.48
10350	0.17	0.23	0.47	0.62	0.48	1.39	1.63	1.78
10400	0.05	0.14	0.33	0.46	0.86	1.80	1.99	2.12

Est. vol. total, Calls 14878 Puts 17331. Previous day's open int., Calls 223774 Puts 255716

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	131.08	130.49	-0.53	131.17	130.30	80683	110626
Jun	130.45	129.99	-0.53	130.45	129.91	1791	14670

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
13000	0.80	2.02	0.31	2.03
13050	0.52	1.80	0.53	2.31
13100	0.32	1.55	0.83	2.56

Est. vol. total, Calls 3070 Puts 8486. Previous day's open int., Calls 142908 Puts 157208

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	114.66	114.57	-0.06	114.90	114.43	88,289	66,762
Jun	114.66	114.56	+0.05	114.66	114.66	477	1,417

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	113-18	113-10	-0-06	113-24	113-00	79410	198300
Jun	112-18	112-27	-0-05	112-22	112-18	7	6164

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
113	0-41	1-02	1-34	1-54	0-21	1-12	1-44	2-00
114	0-13	0-39	1-05	1-24	0-57	1-49	2-15	2-34
115	0-03	0-22	0-48	1-02	1-47	2-32	2-58	3-12

Est. vol. total, Calls 9700 Puts 3885. Previous day's open int., Calls 93369 Puts 51060

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	97.92	97.98	+0.10	98.02	96.96	1,328	2,131

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	112-14	112-20	+0-07	112-21	112-12	302,838	474,995
Jun	112-00	112-04	+0-06	112-06	111-30	2,840	41,104
Sep	111-18	111-22	+0-05	111-22	111.18	118	10,675

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	126.35			126.45	126.35	2368	n/a
Jun	124.95			124.99	124.92	1238	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Feb 13	Day's change %	Wed Feb 12	Accrued interest	xd adj. ytd		Low coupon yield Feb 13	Feb 12	Yr. ago	Medium coupon yield Feb 13	Feb 12	Yr. ago	High coupon yield Feb 13	Feb 12	Yr. ago
1 Up to 5 years (19)	121.90	0.02	121.78	2.73	1.42	5 yrs	6.83	6.82	7.01	6.90	6.89	7.06	6.94	6.93	7.14
2 5-15 years (21)	153.33	-0.10	153.48	2.62	1.09	15 yrs	7.29	7.26	7.92	7.28	7.25	7.95	7.25	7.20	8.05
3 Over 15 years (6)	176.67	-0.24	177.09	4.57	1.00	20 yrs	7.37	7.35	8.03	7.32	7.30	8.04	7.27	7.21	8.14
4 Irredeemables (5)	203.05	-0.23	203.51	2.98	1.00	Irred.†	7.46	7.44	8.12						
5 All stocks (51)	147.44	-0.09	147.57	3.13	1.24										

Index-linked							Inflation 5% Feb 13	Feb 12	Yr. ago	Inflation 10% Feb 13	Feb 12	Yr. ago
6 Up to 5 years (2)	206.47	-0.02	206.52	2.22	0.00	Up to 5 yrs	2.94	3.04	2.36	2.18	2.38	1.01
7 Over 5 years (10)	200.04	-0.09	200.59	0.71	1.81	Over 5 yrs	3.34	3.37	3.61	3.13	3.18	3.40
8 All stocks (12)	199.63	-0.09	200.13	0.86	1.61							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Yr ago	High*	Low*
Govt. Secs. (UK)	96.56	96.54	96.34	96.32	96.30	94.32	96.54	91.59
Fixed Interest	119.43	119.63	119.44	118.45	118.18	112.72	119.63	110.74

Gilt Edged Activity Indices

	Feb 12	Feb 11	Feb 10	Feb 7	Feb 6
Gilt Edged bargains	76.7	86.1	132.8	99.1	86.9
5-day average	96.9	100.4	102.5	90.8	86.4

 * for 1996/97. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg	Yield
Abbey Natl Treasury 6½ 03	1000	99⅞	100⅛		6.52
ABN Amro Bank 7¼ 05	1000	102¼	102½		7.01
African Dev Bk 7⅝ 23	500	101⅝	102	+¼	7.23
Alberta Province 7⅜ 98	1000	102½	102⅝		6.03
Asian Dev Bank 6¼ 05	750	97⅞	98	+⅛	6.68
Austria 8½ 00	400	105	105¼		6.21
Baden-Wuert L-Fin 8⅛ 00	1000	104⅞	105⅛		6.26
Bancomext 7¼ 04	1000	93½	93⅞	+¼	8.76
Bank Ned Gemeenten 7 99	1000	102	102¼		6.10
Bayer Vereinsbk 6⅞ 00	500	104⅞	105⅛		6.26
Belgium 5½ 03	1000	95	95¼		6.43
British Columbia 7¾ 02	500	105½	105¾	+⅛	6.49
British Gas 0 21	1500	16⅜	16⅝		7.59
Canada 6⅛ 05	1500	98½	98⅝	+⅛	6.72
Cheung Kong Fin 5½ 98	500	98¼	98½	+⅛	6.64
China 6⅛ 04	1000	97⅞	98		7.10
Credit Foncier 9½ 99	300	106¼	106½	+⅛	6.12
Denmark 5¾ 98	1000	99⅞	100⅛		5.87
East Japan Railway 6⅝ 04	600	99⅜	99½	+⅛	6.74
EIB 6 04	500	97¾	98⅛	+⅛	6.40
Elec de France 9 98	200	103¼	103⅜		5.92
Ex-Im Bank Japan 8 02	500	106⅝	106⅞		6.47
Export Dev Corp 9½ 98	150	104½	104¾		6.04
Exxon Capital 0 04	1000	61⅞	61¾	+⅛	6.50
Fed Home Loan 7⅛ 99	1500	102⅜	102⅝		6.15
Federal Natl Mort 7.40 04	1500	105	105¼		6.64
Ford Motor Credit 6¼ 98	1500	100⅜	100½		5.95
General Mills 0 13	1000	25½	27⅛		8.38
INI Finance 5¾ 98	650	98⅝	98⅞		6.06
Inter-Amer Dev 6⅜ 05	1000	97⅛	97¼	+⅛	6.66
Inter-Amer Dev 7½ 05	500	104⅞	105⅛	+⅛	6.70
Intl Finance 5¾ 98	500	98⅞	99⅛		5.89
Italy 6 03	2000	97¾	98		6.52
Italy 6⅞ 23	3500	95¾	96	+⅛	7.37
Japan Dev Bk 8⅜ 01	500	106⅞	107⅛		6.38
Korea Elec Power 6⅜ 03	1350	97⅜	97¾	+⅛	6.66
Matsushita Elec 7¼ 02	1000	103½	103¾	+⅛	6.58
Ontario 7⅜ 00	3000	104⅛	104¼	+⅛	6.63
Ontario 7¾ 02	2000	105⅞	106	+⅛	6.53
Oster Kontrollbank 6⅛ 01	200	107½	107⅝	+⅛	6.34
Portugal 5¾ 00	1000	96¼	96½		6.55
Quebec Hydro 9¾ 98	150	105⅛	105⅜		6.29
Quebec Prov 9 98	200	103	103¼		6.19
SAS 10 98	200	106⅜	106⅝		6.55
SNCF 9½ 98	150	104½	104¾		6.08
Spain 6½ 99	1500	101	101¼		6.06
Sweden 6½ 03	2000	100⅝	100⅞	+⅛	6.47
Tennessee Valley 6 00	1000	99½	99⅝		6.24
Tennessee Valley 6⅜ 05	2000	98⅜	98⅞	+⅛	6.68
Tokyo Elec Power 6⅛ 03	1000	98⅞	99⅛		6.33
Toyota Motor 5⅝ 98	1500	99¾	99⅞		5.85
United Kingdom 6¾ 01	2000	102⅛	102¼	+⅛	6.17
United Kingdom 7¼ 02	3000	104⅝	104¾	+⅛	6.27
Walt Disney 6⅜ 01	1300	99⅞	100⅛		6.51
World Bank 6⅜ 05	1500	98⅛	98⅜	+⅛	6.62
World Bank 8⅜ 99	1500	106⅝	106⅞		5.71

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg	Yield
Austria 6⅛ 24	2000	100⅝	100⅞	+¼	6.45
Baden-Wuertt L-Finance 6 99	2000	105	105¼		3.63
Credit Foncier 7¼ 00	2000	110¼	110½	+¼	5.22
Denmark 6⅛ 98	2000	103⅛	103¼		3.35
Depfa Finance 6⅜ 03	1500	108	108⅛		5.27
Deutsche Bk Fin 7½ 03	2000	111¼	111⅝	+¼	5.26
Deutsche Finance 5¾ 04	2500	103⅛	103⅜		5.21
EEC 6½ 00	2000	107¼	107⅜		3.95
EIB 6¼ 00	1500	106⅝	106⅞		3.97
Finland 7½ 00	3000	109¾	110		3.94
KfW Intl Finance 6¼ 00	2250	108¼	108⅜	+⅛	5.11
LKB Baden-Wuertt 6½ 08	2250	105⅛	105⅝	+⅛	5.84
Norway 6⅛ 98	1500	103¼	103½	-⅛	3.36
Ontario 6¼ 04	1500	104¾	105		5.41
Spain 7¼ 03	4000	111½	111⅝		5.00
Volkswagen Intl Fin 7 00	1000	108⅞	109¼		5.30
World Bank 5⅞ 00	3000	105¼	105⅜	+⅛	4.94
World Bank 6⅛ 02	3000	106⅞	106⅞	+⅛	4.70
World Bank 7⅛ 05	3000	111⅛	111¼	+⅛	5.40

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg	Yield
Asian Dev Bank 0 15	500	42	43		4.68
Austria 4½ 00	1000	106¼	106½		2.32
Council Europe 4¾ 98	250	102¾	103		1.96
Denmark 4¾ 99	1000	105⅛	105¼	+⅛	2.22
EIB 3¾ 99	1000	103¼	103⅜	+⅛	2.04
EIB 6¾ 04	300	116½	116¾	+⅛	4.16
Finland 7¼ 99	300	112¼	112⅜		2.47
Iceland 7⅜ 00	100	116	116¼	+¼	2.72
Inter Amer Dev 4¼ 03	900	109¼	109½		3.15
Ontario 6¼ 03	400	116⅛	116⅞	+⅛	3.23
Quebec Hydro 5 08	100	103¼	105½	+⅛	4.63
SNCF 7 04	450	122¼	122¾	+¼	3.61
Sweden 4¾ 03	500	109¼	109½	+⅜	3.15
World Bank 0 21	700	31½	31¾	+⅝	4.82
World Bank 7 01	600	116¼	116½		2.72

YEN STRAIGHTS	Issued	Bid	Offer	Chg	Yield
Belgium 5 99	75000	111¼	111½		0.97
Credit Foncier 4¾ 02	75000	113⅞	114⅛		2.05
EIB 6⅝ 00	100000	117	117⅛		1.01
Ex-Im Bank Japan 4⅜ 98	105000	114	114¼		2.09
Fed Nat Mort 2 98	100000	103	103⅛	+⅛	0.93
Inter Amer Dev 7¼ 00	30000	119½	119¾		1.12
Italy 3½ 01	300000	108⅛	108¼		1.57
Italy 5 04	200000	118	118¼	+⅛	2.45
Japan Dev Bk 5 99	100000	110⅝	110¾		0.90
Japan Dev Bk 6½ 01	120000	122⅛	122¼	+⅛	1.49
SNCF 6¾ 00	30000	117	117¼		1.06
Spain 5¼ 02	125000	119⅝	119⅞	+⅛	1.71
World Bank 5¼ 02	250000	117¾	117⅞	+⅛	1.52

OTHER STRAIGHTS	Issued	Bid	Offer	Chg	Yield
EBRD 14¾ 98 R	250	99	100	-⅛	15.31
World Bank 15 99 R	500	100¾	100⅞	-⅝	14.77
Austria 6½ 99 R	1000	105¾	105⅞	+¼	3.76
PTT Nederland 6½ 08 R	1300				
Bell Canada 10⅝ 98 C$	150	113	113½	+⅛	4.79
British Columbia 7¾ 98 C$	1250	109½	109¾	+⅛	6.02
Canada Mtg & Hsg 8¾ 99 C$	1000	108⅝	108¾	+⅛	4.56
EIB 10⅛ 98 C$	130	106⅝	107		3.71
Elec de France 9¾ 99 C$	275	111⅞	112¼	+⅛	4.71
KfW Int Fin 10 01 C$	400	116⅜	116¾	+¼	6.40
Nippon Tel Tel 10¼ 99 C$	200	113⅞	113⅝	+¼	4.80
Ontario 8 03 C$	1500	110¾	111	+⅛	5.96
Ontario Hydro 10⅞ 99 C$	500	112⅞	113¼	+⅛	4.39
Oster Kontrollbank 10¼ 98 C$	150	112¾	113½	+¼	4.61
Quebec Hydro 1 04 C$	1000	104	104¼	+⅛	6.40
Quebec Prov 10½ 98 C$	200	110⅛	110¾	+⅛	4.35
Council Europe 9 01 Ecu	1100	116⅝	117	+⅛	4.98
Credit Foncier 8⅞ 04 Ecu	1000	113⅞	114⅛	+⅛	5.92
Denmark 8½ 02 Ecu	1000	115⅜	115⅝		5.05
EC 6 00 Ecu	1100	105¼	105¾		4.40
EIB 10 01 Ecu	1150	118	118¼		4.62
Finland 6⅛ 07 Ecu	750	116⅛	116⅜	+⅛	6.03
Italy 9¼ 11 Ecu	2500	126⅝	127	+½	6.33
Italy 10¾ 00 Ecu	1000	118	118⅜		4.53
United Kingdom 9¼ 01 Ecu	2750	116⅛	116¼	+⅛	4.64
AIDC 10 99 A$	100	106⅝	107⅛	-¼	6.83
Comm Bk Australia 13¾ 99 A$	100	115½	116	-¼	6.99
EIB 7¾ 99 A$	350	103⅝	104⅛	+⅛	6.27
NSW Treasury Zero 0 20 A$	1000	16⅜	17⅛	-⅛	7.81
R & I Bank 7¾ 00 A$	125	101¾	102⅛	-⅛	7.38
State Bk NSW 9 02 A$	300	106¾	107¼	-⅛	7.46
Sth Aust Govt Fin 9 02 A$	150	106½	107	-⅛	7.52
Unilever Australia 12 98 A$	150	106	106⅜		6.39
Western Aust Treas 7⅝ 98 A$	100	101⅜	101¾	-⅛	6.42
Abbey Natl Treasury 8 03 £	1000	103⅛	103⅜		7.34
British Land 8⅞ 23 £	150	103⅛	103½	-⅛	8.76
Denmark 6¾ 98 £	800	100⅛	100¼		6.62
Depfa Finance 7⅛ 00 £	500	98½	98¾		7.41
EIB 8 00 £	1000	104⅜	104⅝	+⅛	7.11
Finland 7 00 £	500	100⅝	100⅞		6.79
Glaxo Wellcome 8¾ 05 £	500	107⅛	107¼	+⅛	7.60
HSBC Holdings 11.69 02 £	153	117⅜	117¾	-⅛	7.66
Italy 10½ 14 £	400	125¾	126⅛	-⅛	7.74
Japan Dev Bk 7 00 £	200	100⅜	101		6.75
Land Secs 9½ 07 £	200	111¾	112	-⅛	7.78
Ontario 11⅛ 01 £	100	113⅛	113⅜		7.23
Powergen 8⅞ 00 £	250	105⅞	105⅝	-⅛	7.63
Severn Trent 11½ 99 £	150	109⅜	109⅝		7.09
Tokyo Elec Power 11 01 £	150	113⅜	113⅝		7.25
TCNZ Fin 9¼ 02 NZ$	75	106⅛	107		7.79
World Bank 8 98 NZ$	250	102½	103		7.78
Credit Local 6 01 FFr	8000	105⅞	106¼	-⅛	4.59
Denmark 5½ 98 FFr	7000	104¼	104½		3.81
Elec de France 8¾ 22 FFr	3000	128⅞	129¼	-⅛	6.41

FLOATING RATE NOTES	Issued	Bid	Offer	Cpn
Abbey Natl Treasury -1/16 99	1000	99.95	100.01	5.4375
Argentaria Global Fin 0 01	700	99.65	99.75	5.5469
Bankamerica ⅛ 99	750	99.97	100.06	5.5602
Canada -¼ 99	2000	99.75	99.83	5.2539
CCCE 0 06 Ecu	200	99.69	99.94	4.0625
Commerzbk O/S Fin -⅛ 98	750	99.84	99.92	5.3750
Credit Lyonnais 1/16 00	300	98.20	98.66	5.7500
Dresdner Finance 1/32 98 DM	1000	99.98	100.05	3.1875
Fed Nat Mort -3/16 00	1000	99.80	99.91	5.3125
Finland -⅛ 98	1500	99.98	100.04	5.4375
Halifax BS 0 99	500	100.09	100.16	5.5469
IMI Bank Intl ¼ 99	500	100.44	100.53	5.7500
Italy 1/16 99	1500	100.43	100.50	5.6250
Italy ⅛ 98 Ecu	1500	100.25	100.31	4.2461
LKB Baden-Wuert Fin -⅛ 98	1000	99.93	99.98	5.4375
Lloyds Bank Perp S 0.10	600	88.00	90.25	5.8295
Malaysia 1/16 05	650	99.83	99.98	5.6875
Nova Scotia 3/16 99	500	99.99	100.07	5.6992
Ontario 0 98	2000	100.15	100.23	5.5000
Portugal 1/16 98 DM	2500	100.30	100.37	3.1875
Quebec Hydro 0 99	500	99.79	99.92	5.5938
Renfe 0 98	500	99.85	100.00	5.4875
Spain -1/16 02 DM	2000	100.09	100.16	3.1875
State Bk Victoria 0.05 98	125	100.00	100.15	5.7219
Sweden -⅛ 01	2000	100.00	100.06	5.3867
United Kingdom -⅛ 01	2000	99.86	99.91	5.3125

CONVERTIBLE BONDS	Issued	Conv. Price	Bid	Offer	Prem.
Allied-Lyons 6¾ 08 £	200	6.04	94⅜	95⅜	+35.08
Fuji Intl Finance ¼ 02	210000		85⅜	86¼	
Gold Kalgoorlie 7½ 00	65	1.37	107¼	108½	-11.49
Grand Metropolitan 6½ 00	710	4.37	113½	114½	+7.85
Hong Kong Land 4 01	410	31.05	94	94¾	-5.58
Land Secs 6¾ 02 £	84	6.72	113	116	-3.39
Lasmo 7¾ 05 £	90	5.64	97½	98½	
MBL Intl Fin 3 02	2000	22	100½	101	-5.41
Mitsui Bank 2⅝ 03	200	2332.6	81	83	
Ogden 6 02	85	39.077	94	95	+93.33
Pennzoil 4¾ 03	500	56.8097	119½	120½	+1.87
Sandoz Capital 2 02	750	1302.26	111¾	112½	+22.18
Sappi BVI Finance 7½ 02	250	76	93⅞	94⅞	
Sapporo 1⅜ 00	40000	1059.4	100¼	101¼	+17.09
Sumitomo Bank 3¾ 04	300	3609.9	89⅛	90⅜	
Sun Alliance 7¼ 08 £	195	3.9	128½	129⅝	+36.55
Transatlantic Hldgs 5½ 09 £	250	5.05	96	97	+9.53

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. Cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts (Lives up to Five Years)						
Exch 10½pc 1997	10.49	-	100¼xd	—	107⅜	100
Treas Cnv 7pc 1997‡‡	6.97	6.10	100⅜	+1/32	101⅜	100⅜
Treas 8¾pc 1997‡‡	8.63	6.14	101⅜	-1/32	101⅞	101⅜
Exch 15pc 1997	14.16	6.23	105⅞	—	114⅞	102⅞
Exch 9¾pc 1998	9.45	6.29	103⅛	+1/32	105⅞	100⅛
Treas 7¼pc 1998‡‡	7.10	6.33	101	—	103⅜	105⅞
Treas 15½pc '98‡‡	13.64	6.53	113⅞	-⅛	122⅞	113⅜
Exch 12pc 1998	11.01	6.52	109	—	114⅜	108
Treas 9½pc 1999‡‡	9.03	6.55	105¼	—	108¼	97⅞
Treas Flg Rate 1999	-	-	100⅛	—	100⅜	99⅞
Exch 12¼pc 1999	11.03	6.59	111⅛	—	116⅜	110⅛
Treas 10½pc 1999	9.72	6.61	108⅛	-1/16	111⅞	107
Treas 6pc 1999 ‡‡	6.07	6.52	98⅞	—	99¼	96
Conversion 10¼pc 1999	9.41	6.67	108⅞	—	118⅞	107⅜
Conv 9pc 2000‡‡	8.47	6.70	106⅛	—	108⅛	103⅞
Treas 13pc 2000	10.95	6.77	118⅞	—	123⅞	117⅜
Treas 14pc 1998-1	12.63	6.47	109⅛	+1/32	116⅞	109
Treas 8pc 2000‡‡	7.66	6.74	104⅛	—	104⅞	101⅜
Treas Flg Rate 2001	5.67	-	105⅛	—	105⅞	99⅜
Treas 10pc 2001	9.01	6.81	111	—	113⅛	100⅞
Treas 7pc 2001 ‡‡	6.95	6.82	100⅞	-1/32	100⅞	96½
Five to Fifteen Years						
Treas 7pc 2002‡‡	6.94	6.90	100⅞	-1/16	100⅞	97⅞
Treas 9¾pc 2002	8.68	6.95	112⅜	-1/32	113⅝	105⅞
Treas 8pc 2003‡‡	7.60	6.94	105⅛	-1/32	105½	98⅞
Treas 10pc 2003	8.66	7.01	115⅞	-1/16	116	[illegible]
Treas 11¾pc 2001-4	9.88	6.84	116⅞	—	121⅞	114⅞
[illegible]						
Treas 7½pc 2006‡‡	7.31	7.12	102⅝	-1/32	102⅞	94⅞
Treas 1¾pc 2006‡‡	1.45	1.15	104⅛	-1/32	107¼	96⅜
Treas 8pc 2002-6‡‡	7.70	7.05	103⅞	-¼	104	97⅞
Treas 11¾pc 2003-7	9.56	7.02	122⅞xd	-1/32	124⅞	115⅛
Treas 8½pc 2007 ‡‡	7.74	7.15	109⅛	-1/16	110⅛	101⅜
Treas 7 1/4pc 2007‡‡	7.18	7.11	100⅞	-1/32	101¼	97⅞
Treas 9pc 2008 ‡‡	7.90	7.20	113⅞	-1/32	114⅜	103⅞
Treas 8pc 2009	7.55	7.24	105⅞	-1/32	106⅜	96⅞
Treas 6 1/4pc 2010‡‡	6.88	7.30	90⅞	-1/32	91⅞	81⅛
Conv 9pc Ln 2011 ‡‡	7.82	7.29	115⅛	-1/32	115½	104⅝
Over Fifteen Years						
Treas 9pc 2012‡‡	7.79	7.29	115⅞	-¼	116⅛	104⅞
Treas 5½pc 2008-12‡‡	6.47	7.05	85⅛	-1/16	85⅞	75⅞
Treas 8pc 2013‡‡	7.51	7.31	106½	-1/32	106⅞	95⅞
Treas 7¾pc 2012-15‡‡	7.46	7.15	103⅞	-1/16	104⅜	93⅞
Treas 8pc 2015‡‡	7.47	7.29	107⅛	-1/32	107⅝	95⅞
Treas 8¾pc 2017‡‡	7.63	7.34	114⅞	-1/16	115⅛	102½
Treas 8pc 2021‡‡	7.41	7.29	107⅞	-1/16	108⅞	95⅞
Undated						
Consols 4pc	7.61	-	52⅞	-1/32	54⅜	46⅞
[illegible]						

Index-Linked	Notes (b)	Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
4⅜pc '98‡‡	(135.6)	-	1.71	114⅜	-1/32	114⅜	111⅜
2½pc '01	(78.3)	2.37	3.01	187⅜	-1/32	187⅞	178¼
2½pc '03	(78.8)	2.62	3.10	184	-1/32	184⅛	171⅞
4⅜pc '04‡‡	(135.6)	2.69	3.12	119⅞	-1/32	120⅛	112⅞
2pc '06	(69.5)	2.85	3.17	195⅜	-1/16	195⅞	179⅞
2½pc '09	(78.8)	2.98	3.24	176⅛	-1/32	176⅜	161⅜
2½pc '11	(74.6)	3.06	3.30	182½xd	-1/32	183⅛	166⅛
2½pc '13	(89.2)	3.12	3.33	150⅞xd	-1/16	150⅞	135⅞
2½pc '16	(81.6)	3.19	3.38	160⅝	-1/16	161⅛	145⅛
2½pc '20	(83.0)	3.27	3.43	153⅞	-1/32	154⅛	138⅞
2½pc '24‡‡	(97.7)	3.29	3.43	128⅛	-1/16	128⅞	115⅜
4⅛pc '30‡‡	(135.1)	3.29	3.43	125⅞xd	-⅛	128⅛	113⅞

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for June 1996: 153.0 and for January 1997: 154.4.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Asian Dev 10¼pc 2009	8.40	7.44	122⅛	—	122⅛	111⅞
B'ham 11½pc 2012	8.68	7.90	132½	—	132½	119½
Leeds 13½pc 2006	8.62	-	137½	—	137½	129
[illegible]						

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. ■ Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices.

CURRENCIES AND MONEY

Market ignores Bundesbank pleas

MARKETS REPORT

By Wolfgang Münchau

The Bundesbank's attempts to stop the slide in the D-Mark against the US dollar had relatively little impact on the currency markets, as traders chose to ignore the pleas from Frankfurt.

The dollar rose by 0.39 pfennigs against the D-Mark to DM1.6871, a level which the German central bank made it clear should not be pushed any higher.

Sterling yesterday took a break from its inexorable rise against the D-Mark, and fell by 1.28 pfennigs to DM2.7367.

■ The Bundesbank's latest warning had come from Mr Johann Wilhelm Gaddum, the vice-president, who said the depreciation of the D-Mark had gone far enough. German officials fear that a further decline in the D-Mark could lead to rise in imported inflation, to which the Bundesbank could not respond by raising interest rates, given the current sentiments about Germany's economic performance and difficulties in meeting the Maastricht criteria for the single European currency.

Mr Klaus Baader, senior currency economist at Deutsche Morgan Grenfell in London, said the market ignored the please because the Bundesbank has virtually no sanctions up its sleeve. "It is one thing for a central bank to determine an ideal exchange-rate parity, it is quite another thing to obtain it. The markets look et e broadly stable environment and see that a change in monetary policy is unlikely."

There remains further upside potential for the dollar against the D-Mark according to several strategists - perhaps for a rise in the dollar by 10 pfennigs.

But Mr Tony Norbury, currency strategist at ABN Amro Bank in London, warned that there were a number of reasons to suspect that the dollar will not continue eppreciating against the D-Mark.

He pointed out that real yields in the US are no higher than German yields. Nor was there an immediate prospect of a tightening in US monetary policy.

Furthermore, the markets may be too pessimistic about the German economy. This applies especially to the rate of unemployment – the recent increase was due almost entirely to seasonal factors and is expected to be reversed in the spring.

■ Despite its continned weakness against the dollar, the D-Mark did not weaken against other European currencies. The markets increasingly look upon Germany, France and Benelux as a single 'euro' bloc.

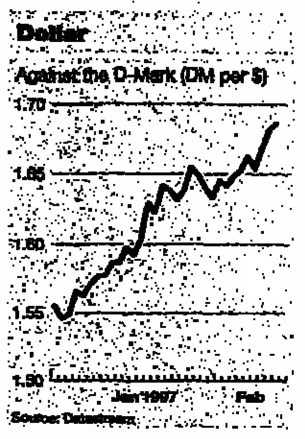
But they are becoming increasingly sceptical about the lira. Yesterday, the D-Mark rose by L3.9 to L983.9.

The weakening in the lira reflected changed expectations of the Italian government's ability to achieve further fiscal tightening this year. A growing expectation that Italy will probably not be among the first group of EU countries to adopt the single currency added to fundamental weakness of the lira at present.

■ The markets have so far focused on Italy's chances of participating in the first wave of countries participating in the single currency. But attention may soon shift to Spain and Portugal. Mr Antonio Sousa Franco, Portugal's finance minister, yesterday declared confidently that "we are going to be in the euro. We are going to be in the first wave." Portugal's government is forecasting a deficit of 2.9 per cent of gross domestic product for this year, the same Germany's forecast, and just under the 3 per cent ceiling under the Maastricht Treaty.

■ Currency strategists said sterling's small decline against the D-Mark was partly connected to mildly disappointing inflation figures, and the news that the opposition Labour Party has tabled of a vote of censure against a senior government minister. The prospects of a defeat for the government were sufficient to unsettle the markets.

Mr Norfield said that despite yesterday's jitters, "the fundamental strength of sterling, especially against the D-Mark, is not going to disappear soon. But even if you ere bullish about sterling or the dollar, there is enough uncertainty around to justify a temporary pause."



■ Pound in New York

Feb 13	—Latest—	-- Prev. close --
£ spot	1.6235	1.6305
1 mth	1.6226	1.6295
3 mth	1.6205	1.6276
1 yr	1.6107	1.6188

■ OTHER CURRENCIES

Feb 13	£	$
Czech Rp	46.2916 - 46.3642	28.5470 - 28.5740
Hungary	282.629 - 282.884	174.290 - 174.340
Iran	4867.80 - 4864.80	3000.00 - 3000.00
Kuwait	0.4915 - 0.4923	0.3031 - 0.3034
Poland	4.9216 - 4.9286	3.0360 - 3.0375
Russia	9163.66 - 9172.56	5651.00 - 5653.00
U.A.E.	5.9521 - 5.9606	3.6705 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Feb 13		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.2583	-0.09	484 - 682	19.4191	19.2215	19.2146	2.7	19.1583	2.1	-	-	103.6
Belgium	(BFr)	56.4816	-0.2581	317 - 314	56.9160	56.3910	56.3566	2.7	56.0918	2.8	54.8966	2.8	103.5
Denmark	(DKr)	10.4265	-0.0427	236 - 333	10.5103	10.4115	10.4085	2.3	10.368	2.8	10.189	2.3	105.6
Finland	(FM)	8.0903	+0.009	824 - 981	8.1200	8.0470	-	-	-	-	-	-	83.9
France	(FFr)	9.2402	-0.0495	361 - 443	9.3136	9.2210	9.2195	2.7	9.1778	2.7	8.973	2.9	108.3
Germany	(DM)	2.7367	-0.0128	353 - 380	2.7503	2.7309	2.7302	2.9	2.7169	2.9	2.6521	3.1	105.2
Greece	(Dr)	427.261	-1.525	984 - 539	430.410	426.501	-	-	-	-	-	-	66.8
Ireland	(I£)	1.0264	-0.0036	254 - 273	1.0316	1.0249	1.0251	0.4	1.0251	0.5	1.0186	0.8	102.9
Italy	(L)	2692.83	-2.55	121 - 465	2704.88	2681.47	2696.18	-1.4	2698.53	-0.8	2686.58	0.2	76.5
Luxembourg	(LFr)	56.4816	-0.2581	317 - 314	56.9160	56.3910	56.3566	2.7	56.0916	2.8	54.8966	2.8	103.5
Netherlands	(Fl)	3.0699	-0.0162	681 - 716	3.0960	3.0646	3.0621	3.0	3.0466	3.0	2.9731	3.2	103.5
Norway	(NKr)	10.8091	+0.0052	023 - 138	10.8748	10.7000	10.7956	1.4	10.7756	1.2	10.6706	1.3	103.5
Portugal	(Es)	275.270	-1.004	121 - 420	277.302	274.475	275.465	-0.9	275.835	-0.8	-	-	94.4
Spain	(Pta)	231.790	-1.172	678 - 902	233.411	231.328	231.79	0.0	231.57	0.4	229.175	1.1	77.9
Sweden	(SKr)	12.0176	-0.1245	078 - 274	12.1548	11.9862	11.9986	1.9	11.9541	2.1	11.7446	2.8	86.3
Switzerland	(SFr)	2.3565	-0.0048	549 - 580	2.3753	2.3479	2.3485	4.1	2.3333	3.9	2.2616	4.0	103.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	97.8
Ecu	-	1.4067	-0.0049	058 - 075	1.4158	1.4033	1.4048	1.7	1.4003	1.8	1.3789	2.0	-
SDR†	-	1.184037	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6216	-0.0114	213 - 224	1.6357	1.6190	-	-	-	-	-	-	-
Brazil	(R$)	1.7009	-0.0096	002 - 016	1.7129	1.6981	-	-	-	-	-	-	-
Canada	(C$)	2.1940	-0.0205	929 - 951	2.2187	2.1901	2.1888	2.8	2.178	2.9	2.118	3.4	86.6
Mexico	(New Peso)	12.6419	-0.0913	339 - 498	12.7379	12.6218	-	-	-	-	-	-	-
USA	($)	1.6221	-0.0114	216 - 226	1.6360	1.6192	1.6212	0.7	1.6192	0.7	1.6095	0.8	103.9
Pacific/Middle East/Africa													
Australia	(A$)	2.1131	-0.0469	117 - 144	2.1473	2.1050	2.1144	-0.7	2.1151	-0.4	2.1147	-0.1	96.2
Hong Kong	(HK$)	12.5697	-0.0834	650 - 743	12.6750	12.5480	12.5624	0.7	12.5485	0.7	12.4839	0.7	-
India	(Rs)	58.2934	-0.2921	349 - 519	58.7680	58.2300	-	-	-	-	-	-	-
Israel	(Shk)	5.4220	-0.0256	153 - 288	5.4572	5.4141	-	-	-	-	-	-	-
Japan	(Y)	202.211	-0.09	068 - 354	203.540	201.520	201.281	5.5	199.426	5.5	181.011	5.5	121.1
Malaysia	(M$)	4.0315	-0.0302	294 - 335	4.0665	4.0250	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3321	-0.0479	302 - 340	2.3777	2.3287	2.3388	-3.5	2.3483	-2.8	2.3691	-1.6	116.1
Philippines	(Peso)	42.7391	-0.2955	097 - 685	43.0899	42.6970	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0836	-0.0428	815 - 857	6.1347	6.0730	-	-	-	-	-	-	-
Singapore	(S$)	2.3012	-0.0132	999 - 025	2.3192	2.2976	-	-	-	-	-	-	-
South Africa	(R)	7.1592	-0.0348	529 - 654	7.2087	7.1460	-	-	-	-	-	-	-
South Korea	(Won)	1404.74	-15.43	268 - 679	1431.66	1401.85	-	-	-	-	-	-	-
Taiwan	(T$)	44.6727	-0.3302	264 - 196	45.0450	44.6252	-	-	-	-	-	-	-
Thailand	(Bt)	42.2152	-0.2232	940 - 363	42.5360	42.1480	-	-	-	-	-	-	-

† Rates for Feb 12. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 13		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	11.8725	+0.0278	700 - 749	11.8780	11.8060	11.8578	1.5	11.8125	2.0	11.6175	2.1	103.3
Belgium	(BFr)	34.8200	+0.085	000 - 400	34.8430	34.6120	34.76	2.1	34.6325	2.2	34.0925	2.1	103.4
Denmark	(DKr)	6.4290	+0.0187	280 - 300	6.4366	6.3920	6.4201	1.7	6.4017	1.7	6.32	1.7	105.0
Finland	(FM)	4.9875	+0.0403	842 - 908	4.9909	4.9302	4.9787	2.1	4.96	2.2	4.8775	2.2	83.7
France	(FFr)	5.6965	+0.0095	957 - 972	5.7010	5.6650	5.6882	1.8	5.6702	1.8	5.5945	1.8	105.8
Germany	(DM)	1.6871	+0.0039	868 - 874	1.6891	1.6763	1.6842	2.1	1.6783	2.1	1.6535	2.0	104.7
Greece	(Dr)	263.400	+0.905	310 - 490	263.720	261.540	264.955	-7.1	267.525	-6.3	278.55	-5.8	66.6
Ireland	(I£)	1.5805	-0.0055	795 - 815	1.5900	1.5765	1.58	0.3	1.5797	0.2	1.5768	0.2	-
Italy	(L)	1660.15	+10.02	960 - 070	1661.26	1642.73	1662.88	-2.0	1666.05	-1.4	1666.93	-0.4	77.0
Luxembourg	(LFr)	34.8200	+0.085	000 - 400	34.8430	34.6120	34.76	2.1	34.6325	2.2	34.0925	2.1	103.4
Netherlands	(Fl)	1.8925	+0.0032	920 - 930	1.8958	1.8812	1.8887	2.4	1.8807	2.5	1.8452	2.5	103.2
Norway	(NKr)	6.6630	+0.0497	615 - 645	6.6717	6.5640	6.6593	0.7	6.6536	0.6	6.628	0.5	103.4
Portugal	(Es)	169.700	+0.57	660 - 740	169.950	168.700	169.905	-1.4	170.2	-1.2	170.975	-0.8	94.9
Spain	(Pta)	142.895	+0.28	878 - 920	143.040	142.050	142.993	-0.8	143.005	-0.3	142.225	0.5	77.5
Sweden	(SKr)	7.4087	-0.0245	049 - 124	7.4423	7.3595	7.4059	0.5	7.396	0.7	7.3487	0.8	85.9
Switzerland	(SFr)	1.4527	+0.0071	522 - 532	1.4545	1.4435	1.4489	3.2	1.4411	3.2	1.4082	3.1	103.2
UK	(£)	1.6221	-0.0114	216 - 226	1.6360	1.6192	1.6212	0.7	1.6192	0.7	1.6095	0.8	98.0
Ecu	-	1.1532	-0.004	528 - 535	1.1605	1.1525	1.1545	-1.4	1.1577	-1.5	1.1743	-1.8	-
SDR†	-	0.72356	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9989	-	998 - 999	0.9990	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0486	+0.0015	485 - 487	1.0490	1.0479	-	-	-	-	-	-	-
Canada	(C$)	1.3526	-0.0031	523 - 528	1.3564	1.3516	1.3502	2.1	1.3452	2.2	1.3177	2.6	86.1
Mexico	(New Peso)	7.7935	-0.0015	910 - 960	7.7980	7.7910	7.9115	-18.2	8.178	-19.7	9.0985	-16.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.3
Pacific/Middle East/Africa													
Australia	(A$)	1.3027	-0.0196	023 - 031	1.3125	1.3000	1.3042	-1.4	1.3061	-1.0	1.3118	-0.7	96.4
Hong Kong	(HK$)	7.7480	+0.003	485 - 495	7.7497	7.7460	7.7489	0.0	7.7494	0.0	7.7605	-0.1	-
India	(Rs)	35.9370	+0.072	120 - 620	35.9650	35.8900	36.152	-7.2	36.612	-7.5	-	-	-
Israel	(Shk)	3.3426	+0.0077	395 - 456	3.3460	3.3128	-	-	-	-	-	-	-
Japan	(Y)	124.660	+0.815	610 - 710	124.720	123.850	124.185	4.6	123.18	4.7	118.96	4.6	122.6
Malaysia	(M$)	2.4853	-0.0012	848 - 858	2.4878	2.4820	2.4882	-1.4	2.4935	-1.3	2.5148	-1.2	-
New Zealand	(NZ$)	1.4377	-0.0193	370 - 384	1.4534	1.4360	1.4432	-4.6	1.4475	-2.7	1.479	-2.9	-
Philippines	(Peso)	26.3480	+0.003	380 - 580	26.3580	26.3360	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 506	3.7508	3.7502	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4187	+0.0018	183 - 190	1.4196	1.4172	1.4165	1.8	1.412	1.9	1.3907	2.0	-
South Africa	(R)	4.4135	+0.0085	110 - 160	4.4190	4.3860	4.4542	-11.1	4.5292	-10.5	4.844	-9.8	-
South Korea	(Won)	866.000	-3.4	000 - 000	875.200	864.800	-	-	-	-	-	-	-
Taiwan	(T$)	27.5400	-0.01	200 - 600	27.5630	27.5190	27.5401	0.0	27.5403	0.0	-	-	-
Thailand	(Bt)	26.0250	+0.045	200 - 300	26.0400	26.0000	26.115	-4.1	26.2825	-4.0	26.92	-3.4	-

† SDR rate per $ for Feb 12. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 12: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

February 13	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3¼	3¼	3⅜	3⅜	6.00	2.50	-
France	3½	3⅜	3⅜	3⅜	3⅜	3.10	-	4.75
Germany	3⅛	3⅛	3⅛	3⅛	3⅜	4.50	2.50	3.00
Ireland	5⅜	5¾	5⅝	5⅝	5¾	-	-	6.25
Italy	7¼	7¼	7¼	7⅛	6⅞	8.25	6.75	7.41
Netherlands	2⅞	3	3¼	3¼	3⅜	-	3.00	3.30
Switzerland	1⅛	1⅝	1⅝	1⅝	1⅝	-	1.00	-
US	5⅛	5¼	5⅜	5⅜	5⅝	-	5.00	-
Japan	½	½	½	½	½	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅜	5½	5⅝	5⅞	-	-	-
US Dollar CDs	-	5.15	5.18	5.23	5.38	-	-	-
ECU Linked Ds	-	4⅜	4⅜	4⅜	4⅜	-	-	-
SDR Linked Ds	-	3⅜	3⅜	3⅜	3⅝	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 13	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3¼ - 2⅞	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼
Danish Krone	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3¾ - 3⅝	3¾ - 3⅝
German Mark	3¼ - 3⅛	3¼ - 3⅛	3¼ - 3⅛	3¼ - 3⅛	3⅜ - 3¼	3⅜ - 3¼
Dutch Guilder	2⅞ - 2¾	2⅞ - 2¾	2⅞ - 2¾	3 - 2⅞	3⅛ - 2⅞	3¼ - 3⅛
French Franc	3¼ - 3⅛	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜
Portuguese Esc.	6¾ - 6¼	6⅝ - 6⅜	6⅝ - 6⅜	6⅝ - 6⅜	5⅞ - 5⅝	5⅞ - 5⅝
Spanish Peseta	6⅛ - 5⅞	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5¾ - 5⅝	5¾ - 5⅝
Sterling	6 - 5⅞	6⅛ - 6	6⅛ - 6	6¼ - 6⅛	6⅜ - 6¼	6⅝ - 6½
Swiss Franc	1½ - 1⅛	1⅝ - 1½	1⅝ - 1½	1⅝ - 1½	1⅝ - 1½	1⅝ - 1½
Canadian Dollar	3⅛ - 3	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 3	3¼ - 2⅞	3½ - 3⅜
US Dollar	5¼ - 5	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5½ - 5⅜	5¾ - 5⅝
Italian Lira	6 - 7⅛	7⅜ - 7¼	7½ - 7⅜	7¼ - 7⅛	7⅛ - 6⅞	6⅞ - 6¾
Japanese Yen	½ - ⅜	½ - ⅜	⅝ - ½	⅝ - ½	⅝ - ½	¾ - ⅝
Asian $Sing	1¾ - 1⅝	1⅞ - 1¾	3½ - 3	2⅝ - 2½	2⅞ - 2¾	3¾ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.70	96.70	+0.01	96.71	96.69	7,607	68,584
Jun	96.74	96.73	-	96.74	96.72	8,100	51,363
Sep	96.71	96.71	+0.01	96.71	96.69	5,197	35,246

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.89	96.87	-0.02	96.89	96.87	14919	200062
Jun	96.91	96.88	-0.02	96.91	96.88	15993	175106
Sep	96.83	96.81	-0.02	96.83	96.81	12379	150126
Dec	96.70	96.67	-0.01	96.70	96.66	13749	165475

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Feb	96.84	96.82	-0.03	96.84	96.82	1432	11458
Mar	96.85	96.84	-0.02	96.85	96.82	2728	16055
Apr	96.90	96.89	-0.01	96.90	96.89	1072	1794
May		96.90	-			0	3612

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.97	92.94	-0.03	92.97	92.88	32890	96658
Jun	93.53	93.45	-0.07	93.53	93.40	31579	80755
Sep	93.88	93.79	-0.08	93.87	93.74	11309	46513
Dec	94.05	93.98	-0.09	94.05	93.93	7247	34762

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.33	98.33	-0.01	98.36	98.31	8125	30492
Jun	98.35	98.36	+0.01	98.39	98.32	8707	32280
Sep	98.24	98.26	+0.02	98.26	98.21	2934	12851
Dec	98.04	98.07	+0.02	98.08	98.01	1630	8524

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		99.46	-			0	n/a
Jun		99.43	-			0	n/a
Sep		99.37	-			0	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.96	95.93	-0.03	95.96	95.93	778	10710
Jun	96.03	96.00	-0.03	96.03	96.00	858	5872
Sep	96.05	96.01	-0.02	96.05	96.00	285	3991
Dec	95.98	95.95	-0.02	95.96	95.95	211	4778

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9275	0.23	0.75	1.12	0.04	0.05	0.08
9300	0.07	0.55	0.91	0.13	0.10	0.12
9325	0.02	0.37	0.71	0.33	0.17	0.17

Est. vol. total, Calls 13253 Puts 6499. Previous day's open int., Calls 127107 Puts 78131

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 13		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.47	16.36	4.846	1.817	4768	5.436	18.14	487.4	410.4	21.28	4.173	1.771	3.885	2.872	358.0	2.491
Denmark	(DKr)	54.15	10	8.859	2.624	0.984	2582	2.943	10.36	264.0	222.2	11.52	2.260	0.959	2.104	1.555	193.8	1.349
France	(FFr)	61.13	11.29	10	2.962	1.110	2915	3.323	11.70	297.9	250.9	13.01	2.551	1.082	2.374	1.755	218.8	1.523
Germany	(DM)	20.64	3.811	3.376	1	0.375	983.8	1.122	3.950	100.6	84.69	4.392	0.861	0.365	0.802	0.593	73.86	0.514
Ireland	(I£)	55.05	10.17	9.006	2.668	1	2625	2.992	10.54	268.3	225.9	11.72	2.297	0.975	2.138	1.581	197.1	1.371
Italy	(L)	2.097	0.387	0.343	0.102	0.038	100.	0.114	0.401	10.22	8.608	0.446	0.088	0.037	0.081	0.060	7.508	0.052
Netherlands	(Fl)	18.40	3.397	3.010	0.892	0.334	877.2	1	3.521	89.67	75.50	3.915	0.768	0.326	0.716	0.528	65.86	0.458
Norway	(NKr)	52.25	9.648	8.549	2.532	0.949	2491	2.840	10	254.7	214.4	11.12	2.180	0.925	2.030	1.500	187.0	1.302
Portugal	(Es)	20.52	3.789	3.358	0.994	0.373	978.2	1.115	3.927	100.	84.20	4.366	0.856	0.363	0.797	0.589	73.45	0.511
Spain	(Pta)	24.37	4.500	3.986	1.181	0.443	1162	1.324	4.664	118.8	100.	5.186	1.017	0.431	0.947	0.700	87.23	0.607
Sweden	(SKr)	46.99	8.677	7.687	2.277	0.854	2240	2.554	8.993	229.0	192.8	10	1.961	0.832	1.825	1.349	168.2	1.171
Switzerland	(SFr)	23.96	4.425	3.920	1.161	0.435	1143	1.303	4.586	116.8	98.35	5.100	1	0.424	0.931	0.688	85.79	0.597
UK	(£)	56.48	10.43	9.240	2.737	1.026	2693	3.070	10.81	275.3	231.8	12.02	2.357	1	2.194	1.622	202.2	1.407
Canada	(C$)	25.74	4.754	4.211	1.247	0.468	1227	1.399	4.927	125.5	105.7	5.479	1.074	0.456	1	0.739	92.18	0.641
US	($)	34.82	6.430	5.697	1.687	0.633	1660	1.893	6.665	169.7	142.9	7.411	1.453	0.617	1.353	1	124.7	0.867
Japan	(Y)	27.93	5.158	4.570	1.354	0.507	1332	1.518	5.346	136.2	114.6	5.945	1.166	0.495	1.085	0.802	100.	0.696
Ecu		40.14	7.413	6.567	1.945	0.729	1914	2.182	7.683	195.7	164.7	8.543	1.675	0.711	1.559	1.153	143.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5946	0.5945	-0.0003	0.5976	0.5927	32,798	93,706
Jun	0.5983	0.5980	-0.0003	0.5992	0.5962	1,225	5,878
Sep	-	0.6020	-	-	-	23	2,362

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6924	0.6928	+0.0005	0.6951	0.6897	15,515	47,772
Jun	0.7005	0.7008	+0.0016	0.7015	0.6989	498	3,114
Sep	-	0.7074	+0.0014	0.7080	0.7070	76	1,967

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8090	0.8084	-0.0008	0.8100	0.8066	17,317	81,057
Jun	0.8203	0.8190	-0.0007	0.8210	0.8182	523	3,501
Sep	-	0.8302	-0.0008	-	0.8302	70	614

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6316	1.6236	-0.0096	1.6346	1.6230	5,825	33,222
Jun	1.6270	1.6210	-0.0088	1.6278	1.6210	379	2,790
Sep	-	1.6200	-0.0062	-	1.6200	1	1,060

UK INTEREST RATES

LONDON MONEY RATES

Feb 13	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6⁷⁄₁₆ - 4	6¼ - 6	6⅜ - 6¼	6⅜ - 6¼	6⅞ - 6⅜	6⅝ - 6⅝
Sterling CDs	-	-	6⅜ - 6⅛	3⅜ - 6⅛	6⅜ - 6⅞	6⅞ - 6⅞
Treasury Bills	-	-	5⅞ - 5⅞	5⅞ - 6⅜	-	-
Bank Bills	-	-	5⅞ - 5⅞	8 - 5⅞	6¼ - 6⅛	-
Local authority deps.	6⅛ - 5⅞	6⅜ - 6⅛	6¼ - 6⅛	6¼ - 6⅛	6⅜ - 6⅜	6⅞ - 6⅝
Discount Market deps	7 - 8	6⅛ - 6	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on Feb 7, 5.8748pc. ECGD fixed rate Stg. Export Finance. Make up day Jan 31, 1997. Agreed rate for period Feb 26, 1997 to Mar 25, 1997, Scheme III 7.68pc. Reference rate for period Jan 1, 1997 to Jan 31, 1997, Schemes IV & V 6.408pc. Finance House Base Rate 6½pc from Feb 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.72	93.70	-0.02	93.72	93.69	8687	104605
Jun	93.50	93.47	-0.02	93.51	93.46	19120	116191
Sep	93.30	93.29	-0.01	93.33	93.27	14641	82701
Dec	93.17	93.15	-0.01	93.18	93.12	8728	56692
Mar	93.07	93.05	-0.01	93.09	93.03	3162	37545

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9350	0.22	0.14	0.18	0.02	0.17	0.37
9375	0.03	0.05	0.08	0.08	0.33	0.54
9400	0	0.01	0.03	0.30	0.54	0.74

Est. vol. total, Calls 4825 Puts 9880. Previous day's open int., Calls 196971 Puts 158870

EMS EUROPEAN CURRENCY UNIT RATES

Feb 13	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Finland	5.85424	5.77650	+0.02813	-1.29	3.54	6
Portugal	197.398	196.658	+0.157	-0.37	2.58	3
Ireland	0.796709	0.732228	-0.001029	-8.32	11.47	56
Italy	1906.48	1922.18	+5.45	0.82	1.36	-6
Spain	163.826	165.653	+0.087	1.12	1.07	-8
Netherlands	2.16973	2.19491	-0.00056	1.16	1.03	-9
Denmark	7.34555	7.45433	+0.00192	1.48	0.70	-10
Germany	1.92573	1.95577	-0.00041	1.56	0.63	-15
Austria	13.5485	13.7624	-0.0029	1.58	0.61	-12
Belgium	39.7191	40.3553	-0.0054	1.60	0.58	-12
France	6.45863	6.60043	-0.00341	2.20	0.00	-16
NON ERM MEMBERS						
Greece	295.269	305.393	+0.129	3.43	-1.18	-
UK	0.793103	0.712090	-0.000214	-10.21	13.82	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
1.610	2.43	8.15	-	-	0.84	1.45
1.620	1.54	2.51	3.07	0.14	1.17	1.84
1.630	0.61	1.95	2.52	0.37	1.59	2.28

Previous day's vol., Calls 769 Puts 170. Prev. day's open int., Calls 34,447 Puts 50,583

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
0.595	0.20	0.66	0.98	0.28	0.68	0.93
0.600	0.07	0.48	0.78	0.60	0.97	1.18
0.605	0.02	0.32	0.57	1.07	1.30	1.47

Previous day's vol., Calls 3,153 Puts 3,138. Prev. day's open int., Calls 42,547 Puts 25,421

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.47	94.47	-0.03	94.48	94.47	34,276	393,791
Jun	94.35	94.36	-	94.37	94.34	41,121	379,774
Sep	94.21	94.23	-	94.24	94.21	52,005	291,452

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.99	95.00	+0.02	95.00	94.99	210	4,949
Jun	94.88	94.88	-0.01	94.89	94.89	26	3,331
Sep	94.76	94.75	+0.01	94.76	94.76	11	896

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
9675	0.13	0.13	0.15	0.18	0.01	0.01	0.02	0.05
9700	0.01	0.01	0.03	0.05	0.14	0.14	0.15	0.17
9725	0	0	0	0.01	0.38	0.36	0.37	0.38

Est. vol. total, Calls 2800 Puts 2201. Previous day's open int., Calls 904792 Puts 304075

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9850	0.03	0.10	0.15	0.20	0.24	0.39
9875	0	0.03	0.07	0.42	0.42	0.56

Est. vol. total, Calls 1800 Puts 0. Previous day's open int., Calls 5450 Puts 2835

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00	● Members of London Investment Banking Association	
Citibank NA	6.00	Julian Hodge Bank	6.00	* In administration	
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

LEGAL NOTICES

In the High Court of Justice No 00121 of 1997
Chancery Division
Companies Court

IN THE MATTER OF
HSBC JAMES CAPEL JAPAN LTD
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice, Chancery Division dated 5th February 1997 confirming the reduction of share premium account of the above named Company was registered by the Registrar of Companies on the 10th day of February 1997.

Dated the 14th day of February 1997
CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JJ
Ref: KO
Solicitors to the Company

COMMODITIES AND AGRICULTURE

A ministerial meeting last week paved the way for a surge of UK imports

Deal expected soon on Norwegian gas

Legal problems bolding up an Anglo-Norwegian agreement that could unleash a surge of Norwegian gas exports to the UK are expected to be resolved "within weeks," according to a UK government official.

Mr John Michel, the head of the oil and gas division at the Department of Trade and Industry, said the government was "very pleased at the outcome" of a meeting last week between Lord Fraser, the UK energy minister, and his Norwegian counterpart.

Mr Michel said the negotiation of a new treaty to cover gas exports from Norway to the UK through the Frigg pipeline would take considerably longer.

But be was optimistic that a "pragmatic" solution would be found to problems concerning the jurisdiction of the two countries over the pipeline.

He conceded that a number of UK North Sea gas producers had approached the DTI to express concern over a new Frigg treaty, and the threat that cheap Norwegian gas exports could pose.

But be said volumes through the pipeline would be determined by market forces. The intent of the agreement was for the pipeline's capacity "to be used to the full," he said.

In 1985 Norwegian gas supplied about 27 per cent of UK demand. But a sharp increase in UK gas production and the refusal of the Britisb government to authorise new gas imports has caused Norway's share of the UK market to fall to about two per cent.

In recent months the government has been particularly keen to reach agreement on a new treaty as part of its drive to open continental European gas markets to greater competition.

An effective ban on new Norwegian exports sat uneasily against the government's free trade policy.

The speed with which Norway might exploit a new treaty is not known. Some Norwegian fields which lie close to the pipeline route could be tied in relatively quickly, say British officials.

However, much depends on wbather Norwegian suppliers can find a market for the gas in the UK – which currently has a surplus – or whether they will be more interested in opening a new export route to Europe through Britain.

The UK-Continent interconnector linking Bacton to Zeebrugge in Belgium is due to open at the end of 1998.

Although there were signs of significant movement towards European gas liberalisation late last year, there are fears among UK officials that the desire for change is evaporating.

Ms Clare Spottiswoode, the gas industry regulator in Britain and a leading advocate of change in Europe's gas industry, yesterday said that in recent weeks, "there has been a lot of nice words about liberalisation but very little action."

Lord Fraser, UK energy minister

● Europe's first natural gas futures contract was officially launched yesterday at London's International Petroleum Exchange.

The first two weeks of trading has produced a "respectable" daily average volume of 235 trades, according to IPE officials.

However, traders which have used the contract say many more market participants, and especially speculative traders, will need to become involved before it can reach the liquidity levels desired.

COMMODITIES DIGEST

Nigerian smelter delays start-up

The Aluminium Smelting Company of Nigeria will not begin production before the second quarter of 1997, Mr Peter Waschka, general manager of the controversial and much-delayed project, said yesterday.

"Construction is more or less finished," Mr Waschka said. "The turbines are in place, energy from gas is there and the people are ready. But we are short of working capital and some aspects of infrastructure, such as the dredging of the river Imo, need to be tackled."

Construction of the Alscon plant, which is estimated to have already cost around $1.5bn, began in 1989. The smelter was originally to have started operations five years ago, but funding and other problems caused a series of delays. Annual capacity from two pot lines is expected to be 193,000 tonnes.

Mr Waschka said he was confident that production would begin before the end of the year. "The obstacles are essentially bureaucratic, and it is frustrating," he explained. "But the political will is certainly there."

Nigeria's military-led government bolds a 70 per cent stake in the smelting company. Ferrostaal of Germany, the turnkey contractor, has 20 per cent, while Reynolds Metal, the US aluminium group, has 10 per cent. The plant, which has huge energy requirements, will be powered hy surplus gas from Nigeria's oil sector which was previously flared off. *Antony Goldman, Lagos*

CBOT may revise terms

A special committee at the Chicago Board of Trade has recommended revisions to the terms of the exchange's benchmark maize and soyahean futures and options contracts. The proposals, which must be adopted hy the exchange's executive committee and approved in a referendum of the CBOT's membership, reduce the contract's delivery points to a single geographic area and convert delivery terms to barge or vessel shipping certificates, rather than warehouse receipts.

The plan would eliminate Toledo and St Louis as CBOT delivery points in favoor of a region along the Northern Illinois River, from Pekin, Illinois to Chicago. This is one of the busiest cash grain markets in the US, and one where price and trading information is readily available to the public, said Mr William Evans, a CBOT member who chaired the committee.

The Commodity Futures Trading Commission, the CBOT's chief regulator, in December ordered the exchange to rework its ageing grain delivery provisions, saying they left the futures market open to manipulation and reduced its economic relevance. *Laurie Morse, Chicago*

LME change proposed

The London Metal Exchange board today will discuss a proposed change that would enable directors representing the LME's ring-dealing members, which take part in daily open-outcry trading, to be outvoted by non-ring dealing members. The proposal follows a recommendation in a Securities and Investments Board review of UK metals trading in the wake of the Sumitomo copper scandal. At present, ring members provide eight of the LME's 16 directors. *Clay Harris, London*

Glencore deal helps zinc to $1,221 a tonne

MARKETS REPORT

By Peter John

Zinc prices sbot through an important psychological level yesterday as dealers responded to several pieces of positive fundamental news. The contract traded on the London Metal Exchange rose $33 to breach $1,200, reaching $1,221 a tonne.

Dealers were reacting to news that Glencore, tbe Switzerland-based trading group, had bought almost 25 per cent of Asturiana de Zinc of Spain, the world's fourth largest zinc producer. There was also speculation that Asturiana was suffering a trucking strike, which was restricting stock levels.

Zinc prices have risen 20 per cent since the start of the year and Mr Martin Squires, metals analyst with Rudolf Wolff, has forecast that the market will be in deficit this year and prices will be pushed sharply higher. He has a target price of $1,400.

Copper rose ahead of a husy lunchtime session wbich saw prices squeezed sharply higher. Copper for delivery in three months was up at almost $2,300 during the 1.00pm session, although by the afternoon close the contract had eased slightly to end up $25 at $2,275 a tonne.

Attempts to cover short positions – the situation wbereby dealers sell stock they do not hold in expectation of prices falling further – were exacerbated by some buying from Korea and worries about the availahility of warehouse stocks.

Data released earlier in the week sbowed a smaller increase in stocks than many analysts had forecast. In addition, several copper specialists are expecting further pressnre on stocks as orders from China pick up again after the end of the Chinese New Year celebrations.

Aluminium was lifted hy Chinese buying, whicb sent the price up $21 to close at $1,576, just off the new peak reached earlier in the session.

London coffee prices were dragged higher initially as the New York contract steamed through a significant resistance level yesterday.

The comhination of strikes in Colombia, lower than expected US output and pressure on short trading positions forced the arabica contract up 5 cents to a new high of $177.25 a pound in early US dealing.

That pressure percolated through to London, wbere tbe robusta contract traded on the Liffe moved forward before London dealers were ahle to call the price lower in late trading. It ended $7 lower at $1,660.

Ms Judy Ganes, coffee analyst with Merrill Lynch in New York said: "There really isn't much stock around at the moment. The market has risen to a point where it draws out the supply but I don't know where that supply is."

Oil prices were slack, with West Texas Intermediaries for March delivery virtually unchanged at $21.85 in mid-afternoon dealing on London's International Petroleum Exchange.

By 6pm in London, Brent Blend for March delivery was trading marginally higher at $20.58, some 4 cents above the Tokyo opening.

Worries about an increase in supply were reinforced earlier in the week by reports that US inventories were slightly higher than forecast.

However, the short-term concern was partially offset by reports of an eight-hour strike at Petroleos de Venezuela.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1543-4	1575-6
Previous	1524-25	1557.5-58.0
High/low		1578/1560
AM Official	1532-33	1564-65
Kerb close		1575-6
Open int.	251,137	
Total daily turnover	95,624	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1460-65	1488-90
Previous	1435-45	1465-70
High/low		1490/1480
AM Official	1450-60	1480-81
Kerb close		1490-2
Open int.	5,582	
Total daily turnover	1,385	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	651-2	657-8
Previous	644-45	652-53
High/low	652/650	662/650
AM Official	652-53	658-59
Kerb close		656-7
Open int.	39,888	
Total daily turnover	11,704	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7820-30	7910-15
Previous	7785-95	7870-80
High/low		7940/7840
AM Official	7795-800	7900-10
Kerb close		7870-80
Open int.	51,246	
Total daily turnover	10,415	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5880-85	5938-40
Previous	5865-75	5930-40
High/low	5875	5950/5930
AM Official	5870-71	5930-31
Kerb close		5940-45
Open int.	15,590	
Total daily turnover	3,236	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1201-2	1223-4
Previous	1165-66	1188-89
High/low	1195	1229/1190
AM Official	1194-95	1215-16
Kerb close		1221-2
Open int.	87,267	
Total daily turnover	29,229	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2385-90	2282-83
Previous	2374-79	2248-49
High/low	2371	2295/2258
AM Official	2371-72	2271-72
Kerb close		2274-5
Open int.	142,833	
Total daily turnover	51,046	

■ LME AM Official £/$ rate: 1.6327
LME Closing £/$ rate: 1.6202

Spot: 1.6243 3 mths: 1.6215 6 mths: 1.6182 9 mths: 1.6148

■ HIGH GRADE COPPER (COMEX)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	105.15	-0.25	110.60	108.10	352	1,797
Mar	108.05	+0.10	110.20	107.90	5,433	23,517
Apr	105.95	-0.10	107.70	108.10	56	1,881
May	104.45	+0.20	106.80	104.30	742	8,221
Jun	103.45	+0.10	102.00	102.00	90	862
Jul	102.55	+0.05	104.25	102.40	57	4,715
Total					7,227	63,282

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	342.00-342.30		
Opening	343.60-343.90		
Morning fix	343.00	209.850	496.938
Afternoon fix	342.65	210.862	496.671
Day's High	343.60-343.90		
Day's Low	341.80-342.10		
Previous close	340.80-340.50		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.50	6 months	4.01
2 months	3.79	12 months	4.01
3 months	3.88		

Silver Fix	p/troy oz.	US cts equiv.
Spot	313.80	512.25
3 months	318.10	518.35
6 months	322.55	524.60
1 year	331.80	537.45

Gold Coins	$ price	£ equiv.
Krugerrand	342-344	210-212
Maple Leaf	-	-
New Sovereign	81-84	50-52

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	342.5	-2.4	344.9	343.0	197	3,557
Mar	342.5	-2.4	-	-	5,433	65
Apr	343.0	-2.4	346.1	342.8	73,940	99,536
Jun	345.2	-2.4	347.7	345.0	2,971	25,247
Aug	347.6	-2.5	350.0	348.5	1,732	10,496
Oct	350.1	-2.5	355.5	347.0	840	4,251
Total					82,824	189,168

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	369.6	-2.2	374.0	369.5	3,185	19,671
Jul	371.6	-2.2	375.0	371.5	139	3,416
Oct	373.7	-2.2	375.5	373.5	47	2,411
Jan	376.0	-2.2	-	-	2	1,110
Total					14,193	26,888

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	140.00	-1.00	142.75	139.25	2,068	7,100
Jun	141.15	-0.95	143.50	140.75	532	3,561
Sep	142.20	-0.95	140.50	140.50	53	396
Dec	143.20	-0.95	143.00	143.00	50	118
Total					2,808	11,173

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	513.1	+0.8	491.0	491.0	16	-
Mar	514.2	+0.7	518.5	510.5	51,275	51,632
May	519.2	+0.7	523.0	516.0	11,801	23,188
Jul	523.9	+0.7	527.0	520.0	675	9,560
Sep	528.6	+0.7	532.5	527.5	54	3,070
Dec	535.7	+0.7	539.0	531.5	182	5,385
Total					64,210	97,471

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	21.93	+0.07	22.06	21.50	62,773	58,307
Apr	21.66	+0.03	21.76	21.25	47,200	72,184
May	21.34	-	21.48	20.97	16,533	40,178
Jun	21.05	-0.04	21.14	20.70	7,066	35,422
Jul	20.81	-0.05	20.95	20.65	3,083	19,839
Aug	20.65	-	20.71	20.45	5,875	15,868
Total					157,724	394,436

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	20.95	+0.03	20.70	20.30	12,208	15,896
Apr	20.26	+0.02	20.39	19.96	30,843	57,036
May	19.91	-0.04	20.06	19.67	6,689	24,139
Jun	19.60	-0.05	19.79	19.40	6,199	17,976
Jul	19.38	-0.05	19.58	19.20	2,692	11,820
Aug	19.21	-0.05	19.21	18.12	285	3,660
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	60.40	-0.45	61.20	59.90	26,760	33,711
Apr	58.35	-0.37	58.95	57.90	14,253	23,091
May	56.80	-0.17	57.00	56.30	3,535	9,297
Jun	56.05	-0.07	56.30	55.60	2,559	7,477
Jul	55.75	+0.03	55.90	55.50	1,902	5,863
Aug	56.20	+0.18	56.40	55.95	393	3,636
Total					52,204	102,536

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	190.00	-4.50	182.25	178.50	11,596	19,192
Apr	178.00	-3.75	176.75	176.00	3,106	7,878
May	176.25	-3.25	178.75	175.00	857	4,689
Jun	176.50	-3.00	178.50	174.25	739	8,154
Jul	176.75	-3.00	177.50	176.00	595	3,836
Aug	177.25	-2.75	177.50	177.50	1	1,254
Total					16,864	61,867

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	1.985	-0.105	2.080	1.800	23,317	31,887
Apr	1.985	-0.067	2.055	1.980	12,458	24,602
May	1.985	-0.051	2.025	1.965	3,045	14,657
Jun	1.960	-0.056	2.025	1.960	1,733	9,575
Jul	1.975	-0.055	2.040	1.975	798	9,340
Aug	1.985	-0.051	2.045	1.985	902	7,676
Total					47,938	166,711

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	63.00	+0.11	63.40	61.80	16,623	27,409
Apr	64.75	+0.01	65.20	63.90	8,928	23,516
May	64.60	+0.10	64.75	63.80	3,470	13,890
Jun	63.65	+0.05	64.00	62.90	1,386	8,493
Jul	62.55	+0.35	62.60	62.00	281	4,959
Aug	61.00	+0.25	61.00	60.75	111	3,982
Total					31,123	85,037

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	92.40	+0.90	92.75	91.90	143	1,023
May	95.25	+1.50	95.25	94.10	362	3,341
Jul	97.25	+1.50	97.25	97.15	25	566
Sep	91.25	+0.50	-	-	-	32
Nov	93.25	+0.50	93.40	93.25	92	1,723
Jan	95.25	+0.50	-	-	-	201
Total					622	6,911

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	359.00	+1.75	363.00	356.00	11,521	23,135
May	356.75	+1.75	359.75	353.00	5,309	17,251
Jul	343.00	+1.00	344.50	339.75	5,525	27,458
Sep	346.00	+1.25	349.00	343.50	255	2,330
Dec	357.25	+1.25	358.00	353.50	151	2,055
Mar	357.50	+2.00	354.00	354.00	3	28
Total					22,766	72,443

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	274.50	+0.75	274.75	272.50	25,707	104,675
May	273.75	+1	274.00	271.75	12,620	87,014
Jul	271.75	+0.75	272.25	270.00	8,025	72,954
Sep	267.75	-0.25	268.25	267.00	505	10,852
Dec	268.25	-0.5	269.00	267.75	2,488	46,821
Mar	273.75	-0.5	274.50	273.50	357	3,565
Total					49,743	329,123

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	92.25	-	92.25	92.25	12	248
May	93.00	-	-	-	-	142
Sep	91.00	+0.50	-	-	-	28
Nov	93.00	+0.50	93.15	93.00	13	288
Jan	95.00	+0.50	-	-	-	27
Total					15	705

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	765.50	+1.25	769.50	761.00	46,533	67,163
May	765.25	+2.25	768.50	760.00	17,989	42,729
Jul	764.50	+2.00	768.50	759.50	11,422	37,785
Aug	760.25	+2.75	763.00	755.50	1,082	8,193
Sep	727.25	+1.25	729.00	724.00	359	2,053
Nov	698.75	-2.75	703.00	698.50	7,534	19,720
Total					85,103	178,676

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	23.84	-0.14	24.04	23.66	10,859	37,089
May	24.23	-0.12	24.45	24.05	8,688	24,695
Jul	24.61	-0.11	24.77	24.50	2,530	15,917
Aug	24.75	-0.11	24.83	24.75	243	3,251
Sep	24.85	-0.1	24.92	24.90	198	2,735
Oct	25.03	-0.09	25.05	25.05	17	864
Total					23,897	91,290

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	248.8	+1.6	251.0	246.3	15,380	33,396
May	243.5	+1.7	245.5	241.1	0,042	25,765
Jul	241.0	+1.4	243.5	239.0	6,402	23,344
Aug	238.0	+1.0	239.0	236.5	687	4,253
Sep	230.6	-0.3	232.0	229.5	438	3,020
Oct	218.8	-0.8	221.5	220.0	165	1,178
Total					34,454	94,822

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	56.0	-	-	-	-	-
Apr	61.5	+1.5	61.5	60.0	18	1,089
May	69.0	+2.5	56.0	66.5	13	148
Jun	75.5	-	-	-	-	-
Nov	65.5	-	-	-	-	2
Apr	114.0	+0.5	114.5	114.5	2	609
Total					30	1,848

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	1520	+12	1525	1305	46	346
Mar	1594	+32	1600	1562	112	593
Apr	1587	+27	1590	1559	93	1,182
Jul	1315	+25	1320	1285	20	607
Oct	1426	+16	1426	1426	13	208
Jan	1436	+15	1420	1420	10	49
Total					276	2,985

	Close	Prev
BFI	1450	1440

FUTURES DATA
All futures data supplied by CMS.

Wool
There are still conflicting wool price tendencies in the Australian and New Zealand markets. Just at present Australia is tending dearer, with the main Eastern Market indicator up 16 cents in the week to close at 608. New Zealand prices eased at this week's sale, however with the main indicator down 6 cents to 439. Clearance at auctions in both the leading world primary markets also vary considerably. Whereas 40% of the 14,000 bale New Zealand offering failed to meet growers' reserves, only 7% of the 23,600 bale Australian offerong was passed in. Currency variations continue to make normal trading difficult, with sterling strength keeping British exporters of wool textiles unable to match overseas competition.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	856	+25	857	838	2,062	24,028
May	879	+23	879	863	2,028	28,806
Jul	899	+23	898	883	718	12,943
Sep	918	+23	918	904	278	14,686
Dec	933	+23	932	918	1,191	13,760
Mar	954	+23	955	941	197	19,467
Total					6,664	132,926

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1227	-7	1252	1217	5,028	5,736
May	1277	+3	1290	1271	7,980	33,447
Jul	1307	+1	1320	1300	2,952	17,272
Sep	1335	+3	1347	1335	493	8,975
Dec	1360	+5	1369	1360	565	5,452
Mar	1388	+5	1397	1390	114	12,645
Total					17,144	90,051

■ COCOA (ICCO) (SDR's/tonne)

Feb 12	Price	Prev. day
Daily	956.98	973.76

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1640	-10	1699	1620	2,991	13,240
May	1660	-7	1720	1636	4,722	20,224
Jul	1682	-8	1743	1680	1,740	8,045
Sep	1682	-8	1740	1670	751	3,190
Nov	1687	-13	1745	1685	239	1,328
Jan	1687	-13	1745	1740	13	166
Total					10,467	46,221

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	180.05	+8.20	181.00	173.00	7,316	14,526
May	169.00	+5.80	169.50	164.10	8,286	15,707
Jul	162.85	+4.25	163.00	159.00	1,372	6,013
Sep	155.95	+3.95	156.50	153.00	498	3,414
Dec	147.75	+1.95	148.75	145.00	217	2,319
Mar	141.05	+1.35	142.50	140.00	134	544
Total					17,889	42,617

■ COFFEE (ICO) (US cents/pound)

Feb 12		Prev. day
Comp. daily	125.98	122.11
15 day average	112.82	111.66

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	305.7	+0.6	305.5	302.8	664	1,014
May	301.4	-0.1	301.9	300.5	1,114	12,250
Aug	301.8	-0.1	302.2	300.9	130	3,313
Oct	297.4	-	297.7	297.5	14	2,587
Dec	298.2	+0.5	297.5	297.5	10	707
Mar	299.2	+0.7	298.0	298.0	10	443
Total					1,942	20,467

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	10.64	-0.02	10.73	10.53	12,940	45,526
May	10.61	-0.04	19.67	10.54	6,879	41,006
Jul	10.45	-0.03	10.49	10.38	2,520	28,587
Oct	10.41	-0.03	10.45	10.38	1,272	20,758
Mar	10.39	-0.03	10.42	10.36	650	7,485
May	10.41	-0.03	10.50	10.47	23	1,148
Total					24,311	145,135

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	73.21	-0.21	73.80	72.90	4,543	16,613
May	74.75	-0.17	75.30	74.50	5,957	24,132
Jul	75.80	-0.25	76.40	75.57	1,371	0,355
Oct	76.00	-0.28	76.50	75.90	54	1,375
Dec	76.28	-0.02	76.50	75.91	652	12,672
Mar	77.15	-0.02	77.10	77.00	27	811
Total					12,611	65,759

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	76.90	+2.36	77.40	74.55	4,446	10,428
May	80.05	+1.90	80.85	77.50	1,286	8,758
Jul	83.35	+1.95	84.20	81.50	629	3,630
Sep	86.25	+1.85	87.00	84.50	449	2,389
Nov	88.25	+1.85	-	88.00	114	605
Jan	90.25	+1.85	90.50	89.20	120	244
Total					7,047	28,177

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Feb 13	Feb 12	month ago	year ago
1971.4	1960.0	1914.8	2142.2

■ CRB Futures (Base: 1967 = 100)

Feb 12	Feb 11	month ago	year ago
237.97	237.30		

■ GSCI Spot (Base: 1970 = 100)

Feb 12	Feb 11	month ago	year ago
192.83	195.80	214.89	181.26

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	64.925	+0.525	65.200	64.575	2,558	5,342
Apr	66.350	+0.65	66.550	65.725	7,837	42,703
Jun	64.150	+0.275	64.250	63.750	2,140	17,146
Aug	63.750	+0.15	63.850	63.525	1,305	18,050
Oct	67.550	+0.7	67.600	66.800	811	11,497
Dec	69.500	+0.65	69.500	68.800	329	4,249
Total					16,090	101,170

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	73.750	-0.575	74.200	73.700	1,455	3,273
Apr	74.400	-0.025	74.625	74.075	3,881	15,606
Jun	79.775	+0.4	79.909	79.200	1,223	8,712
Jul	77.700	+0.3	77.750	77.250	229	1,889
Aug	74.375	+0.3	74.400	73.900	190	2,156
Oct	67.575	+0.25	67.650	67.150	181	1,461
Total					7,061	34,329

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	79.000	+1.1	79.225	77.400	688	985
Mar	78.575	+0.05	79.500	77.800	1,931	2,642
May	79.175	+0.55	80.100	78.600	875	3,444
Jul	78.100	+0.875	78.200	77.200	262	714
Aug	74.800	+0.775	76.000	74.600	15	518
Total					3,771	8,303

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Mar	Jun	Mar	Jun
1500	64	108	7	26
1550	30	77	23	44
1600	11	53	53	68
■ COPPER (Grade A) LME	Mar	Jun	Mar	Jun
2200	141	123	8	77
2300	68	77	30	129
2400	22	45	85	195
■ COFFEE LIFFE	Mar	May	Mar	May
1500	142	209	2	49
1550	97	176	7	66
1600	57	146	17	71
■ COCOA LIFFE	Mar	May	Mar	May
800	58	81	-	2
825	31	60	-	8
850	11	41	5	12
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
2050	-	46	-	-
2100	-	-	8	-
2150	-	19	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$18.49-8.65w	-0.65
Brent Blend (dated)	$20.47-0.51	-0.75
Brent Blend (Mar)	$20.53-0.57	-0.86
W.T.I.	$21.94-1.96w	-0.725

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$212-214	-5
Gas Oil	$183-188	-8.5
Heavy Fuel Oil	$92-94	
Naphtha	$222-223	-5.5
Jet fuel	$208-206	-5
Diesel	$198-202	-3

■ NATURAL GAS (Pence/therm)

Bacton (Mar)	12.50-13.00	+1.00

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

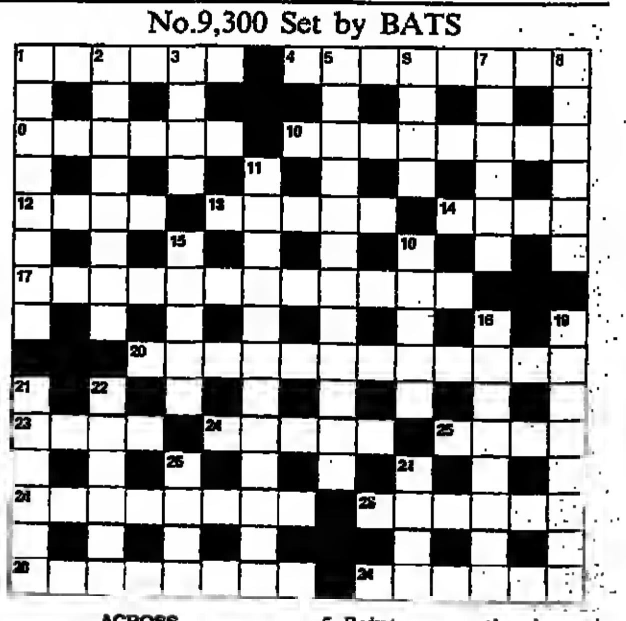
Gold (per troy oz)♣	$342.15	+1.40
Silver (per troy oz)♣	518.50c	+18.0
Platinum (per troy oz.)	$368.00	+12.00
Palladium (per troy oz.)	$138.75	+2.10
Copper	113.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.44r	+0.04
Tin (New York)	273.50	
Cattle (live weight)	101.14p	-1.20*
Sheep (live weight)	140.13p	-2.99*
Pigs (live weight)†	79.28p	+4.36*
Lon. day sugar (raw)	$262.00	-0.50
Lon. day sugar (wte)	$305.70	-3.80
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	Unq	
Wheat (US Dark North)	Unq	
Rubber (Mar)♥	79.50p	
Rubber (Apr)♥	79.50p	
Rubber (KL RSS No1)	307.0x	+3.5
Coconut Oil (Phil)§	777.5y	-2.5
Palm Oil (Malay.)§	565.0w	
Copra (Phil)§	$497.5y	
Soyabeans (US)	206.0x	
Cotton Outlook 'A' Index	80.00	-0.65
Wooltops (64s Super)	400p	+5

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x Jan w Mar y Feb/Mar ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,696 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,300 Set by BATS



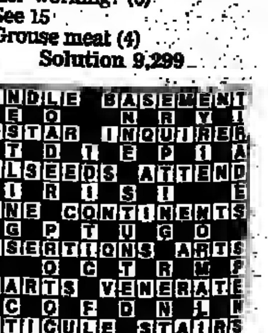
ACROSS

1 There's nothing great about Central American president (6)
4 West with wrong lead makes mistake (8)
9 Drunk collects penny in hat (6)
10 Worker, Queen and French King back to front (8)
12 Indian series returns upon which culture's spread? (4)
13 The cow is more depressed (5)
14 The capital of Mali (4)
17 Absolute rule – drastic turning around to joint (12)
20 Leave Bats in the branches? (12)
23 Nora Batty's horse (4)
24 With s knife, Lone Ranger captures criminal (5)
25 Left marriage vow by the swimming pool (4)
28 Gear required to find the hard shoulder? (8)
29 Drag into river causing flood (6)
30 Amorous pet loves getting into something wicked (8)
31 Faster recipe for pudding (6)

DOWN

1 Away from where the in-patients aren't found? (8)
2 Do the hot and cold shoe shuffle? (3-5)
3 Valley of the King – Le Noble (4)
5 Points over the bar at drunk leading to exchange of words (12)
6 Like a cool drink, cubes top to bottom (4)
7 '52: Rex desperately wanting sovereign remedy (6)
8 Menace of the Mad Hatter (6)
11 Mexican hot-head makes top people act rashly (12)
15, 26 Over-optimistic attempt to grow mint for sport? (5,4)
16 "x" – it's me in disguise! (5)
18 Pose nude (topless) after a tittup (8)
19 The can-can can reveal these mistakes (8)
21 Right to get involved in the subject of Cancer perhaps? (6)
22 Enough liquid to get a bladder working? (6)
26 See 15
27 Grouse meat (4)

Solution 9,299



FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

Newport Investment Management

Orion Fund Limited

BERMUDA (REGULATED)(**)

Aristocrat Capital Management Ltd

Bermuda Intl Invest Mgmt Ltd

Butterfield Management Co Ltd

Integral Bond Arbitrage Fund Limited

Odds Investment Management Ltd

Phillo Smith & Co

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Adams & Neville Fd Mangt (Guernsey) Ltd

Equitable International Fund Managers Ltd

Guinness Flight Intl Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lloyds Bank Fund Management Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Stelsons Fund Managers (Guernsey) Ltd

UBK Asset Management (Guernsey) Ltd

U.S. Advisors (Guernsey) Limited

Yamaichi Capital Mngt (Guernsey) Ltd

Royal Bk of Canada O/S Fd Mngrs Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

Bank of Cyprus Group

Baring International Fund Managers (Ireland) Ltd

Christows Investments Plc

Credit Lyonnais Intl Asset Mgt (CI) Ltd

Global Asset Management

Guinness Flight Select Funds Plc

Hambros Fund Managers (Ireland) Ltd

Henderson Crosthwaite Investment Co

Lazard Brothers Investment Funds Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone (Dublin) Ltd

Swiss Life Investment Fund - Protect (r)

Tilney (Ireland) Ltd

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

AON International Funds Plc

Argenta European Hedge Fund plc

Asia Dynamic Growth Fund Plc

Baring International Fd Mgrs (Ireland) Ltd

Berkshire Korea Fund Plc

Global Resources Stock Fund

Goldman Sachs

Gordon House Asset Management Ltd

HSBC UK Equity Plus Plc

HSBC UK Equity Plus II Plc

HSBC UK Equity Plus III Plc

Hambros Fund Managers (Ireland) Ltd

Korea Active

Korea Balanced Return Fund

Korea Bond Fund Plc

Korea Growth Fund Plc

Ulster Bank Investment Services

Value Express Fund Plc

Yamaichi Samsung Dynamic Korea Fund

Yellow Sea Investment Company PLC

Yuki Korea Fund

Yuki Taiwan Fund

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

Prudential Fund Managers (Jersey) Ltd

Royal Bank of Scotland Fd Mgrs (Jersey) Ltd

Royal Bank of Scotland International Ltd

Standard Bank Fund Mngmt (Jersey) Ltd

TSB Fund Managers (CI) Ltd

JERSEY (REGULATED)(**)

Bank of Scotland Fund Managers (Jersey) Ltd

Barclays Global Investors Jersey Ltd

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (a)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Abtrust Fund Mngrs Luxembourg SA (u)

4 Boulevard Royal L 2449 Luxembourg 00 352 227001

Abtrust Atlas Fund

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Global Cap Portfolio		$3.909		+0.017	-
United States Portfolio		00.0193		+0.038	-
Cont'l Europe Portfolio 0		DM7.571		+0.046	-
Japan Portfolio		¥0.850		+0.011	-
Pacific Portfolio		$8.705		+0.029	-
Gold Portfolio		$8.027		+0.159	-
UK Growth of Income		£2.2618		-0.001	3.61
Dollar Portfolio		$1.8808		—	7.00
Sterling Portfolio		$1.08400		+0.001	6.30

Aetna Master Fund (u) (x)

21 avenue de la Liberte, L-1931, Lux 00 352 2564 941

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Australasian NAV		A$17.50		+0.10	-
Austrian Nat NAV		Sch67.26		-0.03	-
Belgo/Lux NAV		BF898.50		+8.09	-
Dutch Nat NAV		Dfl40.74		+0.47	-
French Nat NAV		FFr150.29		+0.49	-
German Nat NAV		DM20.88		+0.08	-
Hongkong Nat NAV		HK$157.29		+0.08	-
Italian Nat NAV		L14114		-139	-
Japanese Nat NAV		Y1101		+10	-
Spanish DM NAV		Pta1510		+2	-
UK Nat NAV		$11.07		+0.01	-
United States Dlr Res		$11.14		—	-

Prices quoted are "A" shares

American Phoenix Investment Portfolios (u)

16 rue Goethe, L-1637 Luxembourg 00 352 404646211

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
European Multinational Ptflo		Ecu21.43		+0.11	-
European Multinational Ptflo		$24.79		+0.13	-
European Multinational Ptflo		£15.20		+0.12	-
European Multinational Ptflo		L41007		+344	-
European Multinational Ptflo		DM41.71		+0.22	-
Global Multinational Ptflo.		Ecu19.72		+0.12	-
Global Multinational Ptflo		$22.82		+0.14	-
Global Multinational Ptflo.		£13.99		+0.12	-
Global Multinational Ptflo.		L37757		+349	-
Global Multinational Ptflo.		DM38.40		+0.24	-
US Growth Companies		$16.32		+0.43	-
US Growth Companies		$10.01		+0.26	-
US Growth Companies		L27004		+737	-

Fleming Group (u)

6 Route De Treves L-2633 Senningerberg Luxembourg

00 352 34101 or 0800 969 284

Internet: http://www.flemings.lu/

Fleming Flagship Fund (daily dealing)

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
FFF American		$57.02	60.05	+0.78	-
FFF Amer Fledg F		$64.52	68.26	+0.93	-
FFF Asian Smaller Cos F		$10.65	11.27	+0.02	-
FFF China		$15.38	16.25	-0.38	-
FFF Continental Europe F		DM43.35	46.07	+0.07	-
FFF DM Balanced F 0		DM11.88	12.38	—	-
FFF DM Bond 3		DM11.27	11.66	+0.02	-
FFF Eastern European F.		DM31.05	32.66	+0.29	-
FFF Eastern Opps		$23.57	24.94	+0.06	-
FFF Emerging Markets F		$10.42	11.05	+0.15	-
FFF European		DM43.03	45.52	-0.11	-
FFF European Smlr Cos F.		DM25.98	27.59	+0.01	-
FFF Global Conv F		$18.20	19.38	+0.08	-
FFF India H		$8.95	9.45	—	-
FFF Intl Bond F		$13.65	14.45	+0.01	-
FFF Intl Equity F		DM80.80	84.84	+0.89	-
FFF Japanese		$14.05	14.90	+0.10	-
FFF Japanese Smaller Cos F		$8.83	9.19	+0.05	-
FFF Latin American		$13.47	14.20	+0.35	-
FFF Pacific		$21.24	22.47	+0.21	-
FFF Sterling Bond		£1.065	1.108	+0.002	-
FFF UK Enterprise		£5.56	5.88	—	-
FFF US Discovery		$45.01	47.38	+0.08	-

Fleming Flagship Series 8 (Daily Dealing)

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
DM Class F		DM12.397		+0.001	2.84
FFr Class F		FFr84.010		+0.005	2.97
ITL Class F		L21969		+4	6.40
£ Class F		£5.184		—	6.08
US$ Class F		$11.984		+0.002	5.17

Oasis Fund Sicav

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
International Equity F	5 CE	$9.858	10.9022	—	-

Foreign & Colonial Emerging Markets Ltd (u)

Exchange Ho, Primrose St, Ldn, EC2A 2NY 0171-628 1234

F&C Emerging Markets

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Argentinian Inv Co F		$24.26		+0.32	-
Brazilian Inv Co SICAV F		$51.20		+2.15	-
Gobal Emerging Mkts Inv Co SICAV F		$16.95		+0.07	-
Latin Amer Inv Co SICAV F		$12.13		+0.33	-
Mexican Inv Co SICAV F		$26.09		+0.12	-

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Sun Alliance International Life

	Selling Price	Buying Price	+ or -	Yield Gross
US Dollar Global Managed	$2.18	2.33	—	-
Stg Global Managed	$2.11	2.28	—	-

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Philippines Long Tech Equity

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Jan 30	$44.07		—	-

AXA Asset Management

	Selling Price	Buying Price	+ or -	Yield Gross
AXA Valeurs	FFr185.50		—	-
AXA Europe Actions Cap.	FFr344.31		—	-
AXA Europe Actions Dist.	FFr344.31		—	-
AXA MPI Cap	FFr146.47		—	-
AXA MPI Dist	FFr146.47		—	-

Global Asset Management - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
Diversity Strategic A	136.31		+0.95	-
Diversity Strategic B	133.49		+0.90	-
European Strategic A	139.24		+2.13	-
European Strategic B	133.71		+2.00	-
Trading Strategic A	128.21		—	-
Trading Strategic B	128.01		—	-
Developing Mkts Strategic A	129.20		+2.64	-
Developing Mkts Strategic B	130.39		+2.85	-
Select Asean Class A	$100.93		—	-
Select Asean Class B	$98.99		—	-
Select European A	$118.63		—	-
Select European B	$111.31		—	-

Jardine Fleming Unit Trusts Ltd - Contd.

International Funds

	Selling Price	Buying Price	+ or -	Yield Gross
JF American Growth Tst.	$30.50	32.28	+0.38	-
JF Continental Euro Tst	$4.57	4.84	+0.09	-
JF European Tst	$19.65	20.80	+0.07	-
JF Germany Tst	DM13.77	14.58	+0.10	-
JF Global Bond II Currency Fd	$17.00	19.04	+0.02	6.8
JF Global Convertible Tst	$14.77	10.93	+0.07	-
JF Global Securities Tst	$25.87	27.18	+0.22	-
JF International Bond	$10.38	10.77	-0.05	-
JF Managed Currency Fd	$16.54	10.43	-0.03	-
JF Asia Growth Ptflo	$9.34	5.06	+0.06	-
JF Intl Growth Ptflo	$11.20	11.65	+0.08	-
JF Money Fund - US$	$106.70	100.79	+0.01	5.09

Westman & Lepadar-Engstrom Inv Mngmt Ltd

The Russian Prosperity Fund

	Selling Price	Buying Price	+ or -	Yield Gross
A Shares	$18.29		—	-
B Shares	$16.93		—	-

Worldwide Limited

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Dec 31	$37.82		—	-

Xiphias International Investment Fd Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Xiphias Global Growth	$10.73		—	-
Xiphias Int ECU Acc	Ecu11.5269		—	-

Zenit Lombardier Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Dec 31	$210.26		—	-

Zulauf Investment Management AG

	Selling Price	Buying Price	+ or -	Yield Gross
European Focus Feb 7	DM163.781		—	-

Zweig-DiMenna International Limited

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Jan 01	$15835		—	-

● MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(*) Funds not SIB recognised. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland/Irish Department of Enterprise and Employment
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
OEIC - Open Ended Investment Company.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(✱) 0001 to 1100 hours
(✱✱) 1101 to 1400 hours
(▲) 1401 to 1700 hours
(▲▲) 1701 to midnight
E Exit charge on sale of units.
C Manager's periodic charge deducted from capital.
H Historic pricing F - Forward pricing
h Distribution free of UK taxes.
p Periodic premium insurance plans.
s Single premium insurance.
u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x Offered price includes all expenses except agent's commission.
z Previous day's price.
[illegible] Guernsey gross.
♦ Yield before Jersey tax.
† Ex-subdivision. xd - Ex-dividend.
‡ Only available to charitable bodies.
◆ Yield column shows annualised rate of NAV increase.

The fund prices published in this edition are also available on the Financial Times' web site, http://www.FT.com

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

FOOD PRODUCERS - Cont.

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INSURANCE - Cont.

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PAPER, PACKAGING & PRINTING - Cont.

PHARMACEUTICALS

PROPERTY

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

RETAILERS, FOOD

TELECOMMUNICATIONS

TEXTILES & APPAREL

RETAILERS, GENERAL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£23¼	—	*£31⅞	£20¼	1,984	3.3	Φ
Barlow		871xd	—	981	755	1,488	2.8	14.8
Gold Flds Prop R		137½	—	159	120	14.1	6.6	10.2
MK Props		65	—	95	60	2.81	18.7	–
SASOL		645	—	718	517	3,777	1.7	–
SA Brews		£18¼xd	+⅛	£24⅞	£13¾	5,587	1.8	Φ
Standard Bank		£25½	—	£31½	£21	3,080	1.4	22.7
Tiger Oats		780	—	1205	770	1,188	2.3	15.4
Tongaat-Hulett		757½xd	—	1139	678¼	717.1	2.4	Φ

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
Il Dividend is paid in whole or part as a

FD (Foreign Income Dividend)
0 Forecast annualise yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion

♣ FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT2758. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability.

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LONDON STOCK EXCHANGE

Wall Street pushes Footsie to a new high

MARKET REPORT

By Philip Coggan, Markets Editor

The influence of Wall Street overcame the effect of further disappointing news on inflation to send the FTSE 100 index to another all-time high.

Having risen by 104 points on Wednesday, the Dow Jones Industrial Average made another strong start yesterday and looked set to attack the 7,000 level. At the close of London trading, the Dow was around 20 points ahead.

European markets were also supportive, with around 10 continental bourses at all-time highs.

Footsie got an immediate lift from the Dow's Wednesday performance and by 9am was 20 points ahead. However, the inflation numbers gave the market something to chew on as they showed a rise in the headline rate from 2.5 per cent to 2.8 per cent and an unchanged underlying rate (excluding mortgage interest payments) of 3.1 per cent, when most analysts had expected a fall.

The chances look slim of the government meeting its target of pushing underlying inflation below 2.5 per cent by the end of this Parliament.

Mr Richard Jeffrey, Charterhouse group economist, said: "The inflation numbers were the latest in a string of data to cause concern. The Bank of England report on Wednesday predicted inflation falling sharply in the first quarter and this is not a good start. One has a suspicion that the impact of a strong pound on retail prices will not be as great as the Bank believes."

Gilt prices were hit by the inflation news and the benchmark 10-year issue was down around five ticks at the close of trading.

But the equity market was not depressed for long and by mid-morning Footsie had reached its high for the day of 4,329.9. Further support from Wall Street in the afternoon helped the leading index to close at 4,327.1.

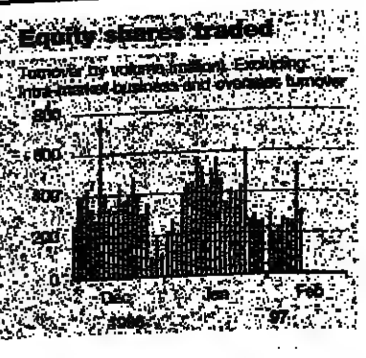
Other indices were also higher. The FTSE 250 rose 12.2 to 4,586.7 while the SmallCap index set another all-time high of 2,335.1, up 5.1 on the day.

Corporate news was mixed, with a strong set of numbers from oil giant Shell and a bid approach to security group Chubb offsetting an £100m charge against accounting irregularities at Pearson, the media group, and some sterling-related caution at the insurance broker Willis Corroon.

Mr Corey Miller, equity strategist at Credit Lyonnais Laing, said: "The undercurrent of the market is very, very strong and it seems able to shrug off the recent profits warnings. But in valuation terms, particularly in relation to index-linked gilts, it is looking a bit stretched."

The dividend yield on the FTSE All-Share Index was just 3.51 per cent on Wednesday night, while index-linked gilts, a virtually risk-free asset, were offering a real yield of around 3.4 per cent.

Volume was a healthy 936.8m shares by the 6pm count, of which 56 per cent was in non-Footsie stocks. The value of customer business on Wednesday, excluding intra-market and overseas turnover... Creat-tranaacted trades, was £747.6m.



Indices and ratios

FTSE 100	4327.1	+22.8
FTSE 250	4586.7	+12.2
FTSE 350	2134.7	+10.0
FTSE All-Share	2107.21	+9.52
FTSE All-Share yield	3.51	3.51
FT 30	2837.8	+10.0
FTSE Non-Fins p/e	18.19	18.31
FTSE 100 Fut Mar	4315.0	+16.0
10 yr Gilt yield	7.15	7.13
Long gilt/equity yld ratio	2.07	2.05

Best performing sectors

1 Household Goods .... +1.9
2 Health Care .... +1.7
3 Pharmaceuticals .... +1.6
4 Consumer Goods .... +1.2
5 Food Producers .... +1.1

Worst performing sectors

1 Chemicals .... −1.0
2 Insurance .... −0.7
3 Building Mats & Merchs .... −0.5
4 Other Financial .... −0.5
5 Water .... −0.4

Write-off jolt for Pearson

By Joel Kibazo and Jeffrey Brown

Media group Pearson, which owns the Financial Times, moved to the top of the market's list of bid targets after saying it had uncovered improper accounting at its Penguin USA books subsidiary. The company said the discovery could force it to write off as much as £100m against last year's profits.

News of the discovery dismayed a market that had started believing the flow of bad news from the UK group had come to an end.

The shares fell sharply and dealers reported them tumbling to 690p in pre-market trading, having closed at 763½p the previous day. They continued at those lower levels until mid-morning when speculation that the UK group was now ripe for a takeover swept through the market.

The shares eventually closed 14 lighter at 749½p, having traded a hefty 14m, the highest daily total since mid-1993.

Pearson shares have performed strongly over the last three months as the group's new management gained credibility with both brokers and the wider investment community.

However, whispers of a bid had continued in some quarters and speculation increased earlier this week when it was reported that Mr Michael Price, a US fund manager, had acquired a near 1 per cent stake in the company.

A feeling of exasperation was evident among many of the analysts following the stock; several indicated that the prospect of a takeover bid was the only reason for advising clients to hold on to the shares.

But supporters blamed the company's problems on the previous management and said the market should be more confident about the current regime.

Shell's final quarter results triggered something of a switchback session with the shares closing 27¼ ahead at 1,089p after touching 1,105p earlier in the day.

Dealers said the initial enthusiasm sprang from a better-than-expected dividend and news of a share split. The actual results were solid, rather than spectacular, with earnings falling into the top half of the range. But they compared favourably with this week's slightly disappointing outturn from BP and sentiment swooped upwards.

The group's presentation to analysts later in the day restored some of the old, long-standing doubts.

"There is still no obvious dynamism. Returns on capital lag the sector and Shell appears determined to carry on sitting on its cash pile," said Mr John Toalster at SGST, who has the stock as a hold.

Most leading engineers rallied, but GKN stood out as a weak feature. Dealers said that nobody was keen to hold the stock ahead of today's US court hearing, where the group faces possible litigation claims of more than £450m.

"We think the litigation scares are overdone, but it takes a brave man to stay long given the uncertainty," said one sector analyst. GKN came off 23½ to 943p for a two-day decline of almost 4 per cent.

British Steel was actively traded on the news that its Avesta Sheffield offshoot had run up a nine-month loss. European stainless steel prices fell around 30 per cent last year, so a poor outturn for Avesta had been pencilled in by most analysts. Steel closed slightly easier at 140½p in 11m traded.

Motor specialist Henlys fell 16 to 542½p as worries about next month's results statement knocked sentiment. The annual numbers are due on March 3; at the interim stage, the group hinted at a looming squeeze on bus contracts.

Chubb Security shot forward 23 per cent in the heaviest volume for nearly four years after the company revealed that takeover talks were in progress.

The shares, up strongly on Wednesday, rose aggressively from the opening bell and by mid-morning the Chubb board had been forced to make a statement. The message was that talks were in progress and the negotiating price was 450p a share.

Williams Holdings and US group Ingersoll-Rand, both of which have big security operations and have cast covetous eyes at Chubb in the past, were the most hotly tipped potential predators. Some each-way money also picked out Rentokil Initial.

Chubb closed 79 higher at 420p in 7.3m shares traded. Williams gained 3¼ to 338p and Rentokil eased to 488½p.

UK fund manager Mercury Asset Management was the worst performing stock in the FTSE 100 after dealers interpreted the group's move to raise a £250m standby loan as a deterrent to would-be predators. The shares fell 41¼ to 1,327p.

The strong advance in pharmaceutical stocks in the US on Wednesday gave a boost to the UK sector yesterday. SmithKline Beecham, which reports figures next Tuesday, was among the most wanted. The shares rose 25½ to 883½p. Analysts expect full-year profits to come in at around £1.57bn.

Glaxo Wellcome put on 14½ to 1,024½p, while Zeneca appreciated 19½ to 1,791½p, after trade of 1m.

Healthcare group Smith & Nephew ended the day as the best performing stock in the FTSE 100, gaining 9 to 188p, as the market appreciated Wednesday's news that the US Food and Drug Administration had accepted a pre-market approval application (PMA) for its Dermagraft product to treat diabetic foot ulcers.

The FDA is reviewing the application under its expedited review process, after it was submitted in December.

The buyers swept into selected property stocks, lifting British Land steeply in some of the heaviest volume seen this year. Capital Shopping Centres was also well supported.

Both stocks have had an uneasy time lately with Land sliding back from a January peak of 546p. Both were recently picked out for special mention in NatWest Securities' relaunched Property Monthly. This described Land as "the best entrepreneurial play on a sustained *upturn* in the *direct property* market and a potential FTSE 100 stock".

British Land jumped 10 to 523p and Capital Shopping gained 6 to 384½p.

Leading conglomerate Hanson pushed up to second position in the Footsie rankings in some of the heaviest volume of the year. US investors were said to be the main buyers and it was noticeable that most of the action took place after the opening on Wall Street. The shares gained 3 to 90¾p in 35m traded.

Laura Ashley slithered to the bottom of the FTSE 250 rankings on talk of a broker downgrade. The shares came off 11 to 135¼p.

FT 30 INDEX

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Yr ago	*High	*Low
FT 30	2837.8	2827.8	2839.5	2839.9	2842.4	2783.8	2885.2	2668.8
Ord. div. yield	4.06	4.07	4.07	4.08	4.07	3.81	4.22	3.78
P/E ratio net	17.53	17.47	17.51	17.47	17.48	17.25	17.55	15.80
P/E ratio nil	17.36	17.31	17.34	17.30	17.31	17.03	17.38	15.71

FT 30 since compilation: high 2885.2 13/04/95; low 49.4 26/06/40. Base Date: 1/7/35

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2835.8	2840.8	2835.0	2831.8	2831.1	2830.9	2830.1	2831.1	2836.7	2841.6	2828.8

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Yr ago
SEAQ bargains	48,111	47,304	48,221	52,854	46,839	33,807
Equity turnover (£m)†	–	747.6	759.6	843.6	801.1	2440.7
Equity bargains†	–	14,000	15,187	17,620	18,568	39,336
Shares traded (ml)†	–	303.2	305.8	525.3	247.3	789.0

†Excluding intra-market and overseas turnover.

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Yr ago	*High	*Low
FTSE AIM	1128.7	1130.3	1128.4	1133.6	1138.1	1040.5	1140.4	985.7

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	792	Total Highs	273	Total contracts	57,380
Total Falls	338	Total Lows	33	Calls	29,843
Same	1,377			Puts	27,537

Feb 13 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4319.0	4316.0	+17.0	4324.0	4307.0	10850	59785
Jun	4336.0	4336.0	+17.5	4336.0	4336.0	200	5604
Sep		4362.0	+17.0			0	1901

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4615.0	4625.0	+31.0	4625.0	4615.0	340	8376

■ FTSE 100 INDEX OPTION (LIFFE) (*4328) £10 per full index point

	4150 C	4150 P	4200 C	4200 P	4250 C	4250 P	4300 C	4300 P	4350 C	4350 P	4400 C	4400 P	4450 C	4450 P	4500 C	4500 P
Feb	183	2½	133½	4½	88	9	46	19	18½	43½	4½	85	1	135	1	185
Mar	187	21½	146	30	109½	44	77	62	50½	85½	30½	116½	16½	153½	8	196½
Apr	207½	43	170	55½	136½	72	105½	90	79½	113½	55½	139½	38	173	23½	209
May	233½	61	193½	71	160	88	127½	104½	100	127	76½	152½	57	183½	41½	219
Jun†			218	86			158½	124			103	171			60½	231

Calls 13,007 Puts 7,282

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4175 C	4175 P	4225 C	4225 P	4275 C	4275 P	4325 C	4325 P	4375 C	4375 P	4425 C	4425 P	4475 C	4475 P	4525 C	4525 P
Feb	156	4½	109	7½	65½	14	30	28	9½	57	2½	100	1	148	1	198
Mar	166½	28½	128	37½	93	52½	63½	72½	40½	98	24	132	12½	170½	5½	213
Apr	186	45½	150	58	117½	76	89	97	64½	122	46	152	29	185½	18	223½
Jun			201½	92½			139½	128			91	178			52½	238
Sept†			254	122			194½	158½			140½	201½			98	253½

Calls 5,555 Puts 8,864 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996/97 High	1996/97 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	P.P.	28.4	57½	49½	BZW Endwmt Red	55½	+½	-	-	-	-
§	F.P.	8.97	180	128½	†C&B Publishing	175		-	-	-	-
§	F.P.	3.25	3½	3	†Calidore Group	3¼		-	-	-	-
§	F.P.	1.60	1	½	†Do Warrants	1		-	-	-	-
100	F.P.	12.6	93½	88½	Enterprise Vn Cp	89½		-	-	-	-
	F.P.	14.2	55	55	†Epicore Nwork	55		-	-	-	-
§100	F.P.	15.5	296	173½	†GB Railways	177½	-5	-	-	-	-
§145	F.P.	12.3	175	150	†Hardy Underwrtg	167		-	-	-	-
§135	F.P.	55.3	173½	137½	IMS Group	167½		3.0	2.1	2.2	21.9
§	F.P.	5.53	4	3¾	†John Lewis	4		-	-	-	21.4
*	F.P.	8.04	82½	45½	†Netcall	57½		-	-	-	-
§88	F.P.	33.4	72½	42½	†Oxford Biomedica	52½		-	-	-	-
§65	F.P.	18.1	80½	65½	Parkwood	75½		R1.82	1.3	3.0	25.3
§100	F.P.	24.7	123½	97½	Prelude Tst	118½	+1	-	-	-	-
§*	F.P.	1.77	51	22½	Do Warrants	42½		-	-	-	-
§585	F.P.	61.9	782½	652½	Sunderland	780		R4.8	7.0	0.8	18.2
*	F.P.	13.8	140	125	†Sutton Harbour	138½	+1½	Z1.2	1.8	1.1	19.7
§100	F.P.	6.48	105	99	Tea Plantations	103½		-	-	-	-
§	F.P.	0.98	30½	24½	Do Warrants	30½	+1	-	-	-	-
§	F.P.	5.84	24½	24½	†Zicor Mining	24½		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Feb 12	% chg on day	Feb 11	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	1722.47	+2.1	1686.55	2328.51	1.96	–	2405.53	1674.61
■ Regional Indices								
Africa (14)	2008.70	−0.4	2017.36	3195.52	4.52	29.60	3325.57	1918.45
Australasia (7)	1968.33	−0.5	1978.06	2596.13	2.52	21.71	2861.03	1941.72
North America (12)	1613.78	+3.7	1555.80	2028.82	0.81	60.04	2134.81	1550.58

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Feb 13	Day's chge%	Feb 12	Feb 11	Feb 10	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4327.1	+0.5	4304.3	4304.3	4307.7	3779.6	3.81	2.13	18.27	5.06	1812.42
FTSE 250	4586.7	+0.3	4574.5	4586.6	4598.7	4189.1	3.37	1.51	24.56	7.94	1883.33
FTSE 250 ex IT	4823.2	+0.2	4812.4	4826.6	4836.8	4198.5	3.45	1.54	23.56	8.11	1902.93
FTSE 350	2134.7	+0.5	2124.7	2125.8	2128.1	1882.1	3.56	2.01	17.49	2.74	1827.02
FTSE 350 Higher Yield	2054.7	+0.3	2049.3	2053.1	2053.3	1884.6	4.62	1.87	14.47	3.03	1483.96
FTSE 350 Lower Yield	2221.6	+0.7	2206.8	2204.8	2209.4	1884.3	2.49	2.27	22.16	2.42	1562.48
FTSE SmallCap	2335.05	+0.2	2330.05	2326.56	2326.31	2038.68	2.81	1.65	25.94	4.23	1854.55
FTSE SmallCap ex IT	2344.08	+0.1	2341.23	2338.19	2337.50	2012.85	3.08	1.73	23.48	4.63	1976.80
FTSE All-Share	2107.21	+0.5	2097.69	2098.52	2100.56	1856.23	3.51	1.99	17.85	2.79	1630.89

■ FTSE Actuaries Industry Sectors

	Feb 13	Day's chge%	Feb 12	Feb 11	Feb 10	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(21)	4063.61	+0.6	4037.77	4021.80	4121.21	3285.75	3.67	2.15	15.87	0.00	1781.16
12 Extractive Industries(5)	3878.32	+0.8	3848.33	3875.80	3880.01	4266.83	4.17	2.66	11.20	0.00	1165.93
15 Oil, Integrated(3)	4209.10	+0.7	4178.40	4145.13	4257.12	3325.66	3.87	2.06	15.56	0.00	1895.73
16 Oil Exploration & Prod(13)	3501.45	+0.3	3512.99	3584.86	3683.74	2174.67	1.48	1.90	44.42	0.00	2122.84
20 GEN INDUSTRIALS(273)	1986.81	+0.1	1985.30	2008.77	2008.31	2034.41	3.86	1.87	17.25	1.85	1112.67
21 Building & Construction(35)	1350.34	+0.2	1347.66	1350.86	1350.10	1061.86	3.04	1.62	25.39	0.44	1153.45
22 Building Matls & Merchs(31)	1859.83	−0.5	1869.07	1866.82	1857.12	1906.59	4.19	1.39	21.50	0.44	961.40
23 Chemicals(26)	2306.13	−1.0	2328.83	2334.21	2327.17	2421.38	4.52	1.42	19.50	0.56	1119.74
24 Diversified Industrials(17)	1471.93	+0.7	1461.99	1480.81	1487.30	1776.48	4.39	2.59	11.02	4.02	853.69
25 Electronic & Elect Equip(39)	2295.87	+0.1	2294.68	2326.14	2323.94	2347.37	3.40	1.34	27.35	0.44	1219.61
26 Engineering(71)	2513.54	+0.5	2499.84	2551.77	2569.93	2269.10	3.25	2.34	16.41	3.67	1557.48
27 Engineering, Vehicles(13)	2800.80	−0.2	2806.71	2853.68	2858.30	2618.57	3.85	1.71	18.98	0.25	1479.44
28 Paper, Pckg & Printing(27)	2478.53	.....	2478.74	2493.12	2474.72	2661.27	4.18	1.79	16.65	0.00	1057.24
29 Textiles & Apparel(14)	1081.83	+0.2	1079.26	1088.70	1078.70	1474.37	9.49	1.28	15.08	0.00	684.50
30 CONSUMER GOODS(95)	3899.43	+1.2	3850.56	3989.50	3905.83	3677.98	3.82	1.86	18.58	8.23	1515.74
32 Alcoholic Beverages(7)	2650.06	+0.7	2632.51	2639.81	2612.77	2848.73	4.87	1.87	13.73	31.28	992.86
33 Food Producers(25)	2762.55	+1.1	2731.67	2736.17	2686.41	2579.85	3.94	1.80	17.66	5.00	1260.86
34 Household Goods(17)	2773.82	+1.8	2723.07	2705.79	2665.09	2611.13	3.63	2.23	15.44	1.06	1119.94
36 Health Care(16)	2260.21	+1.7	2223.40	2215.75	2201.78	1948.23	2.81	1.89	25.39	3.40	1398.62
37 Pharmaceuticals(18)	6262.59	+1.9	6161.19	6192.89	6127.10	5270.61	2.71	1.73	26.68	0.00	2163.96
38 Tobacco(2)	4381.35	.....	4380.61	4455.59	4302.52	4807.23	5.92	2.13	9.92	0.00	1128.27
40 SERVICES(273)	2667.40	+0.6	2651.93	2641.40	2646.57	2336.66	2.85	2.01	22.00	8.16	1417.85
41 Distributors(30)	2794.44	+0.3	2787.25	2798.63	2853.40	2624.80	3.04	2.00	20.59	0.00	1050.58
42 Leisure & Hotels(31)	3455.06	+0.5	3439.54	3439.15	3430.52	2891.83	2.52	2.06	24.10	18.18	1890.00
43 Media(44)	4357.02	+0.5	4334.09	4281.00	4287.17	3837.83	2.18	2.12	27.00	3.38	1597.24
44 Retailers, Food(15)	1956.28	+0.9	1938.44	1911.95	1961.77	1935.32	4.05	2.31	13.39	4.09	1276.37
45 Retailers, General(53)	2073.33	+0.6	2060.53	2075.28	2076.67	1942.55	3.14	2.02	19.71	6.94	1215.22
47 Breweries, Pubs & Rest.(22)	3420.06	.....	3421.43	3402.70	3368.40	2978.23	3.18	2.10	18.78	13.49	1685.32
48 Support Services(56)	3011.43	+1.5	2967.20	2944.55	2921.41	2042.62	1.87	2.44	30.73	1.16	1944.85
49 Transport(22)	2789.48	+0.3	2780.74	2778.23	2782.93	2329.17	3.45	1.26	28.87	6.35	1195.05
60 UTILITIES(29)	2743.44	+0.3	2735.64	2722.38	2729.40	2475.57	4.87	1.71	15.02	5.11	1246.70
62 Electricity(9)	2897.94	.....	2898.31	2884.51	2920.42	2773.06	5.91	2.18	9.70	22.08	1600.65
64 Gas Distribution(1)	1811.63	+0.2	1808.27	1808.27	1838.55	1806.96	7.57	0.54	30.79	0.00	881.84
66 Telecommunications(8)	2320.29	+0.6	2305.68	2291.51	2272.78	2039.48	3.80	1.56	22.19	0.00	1095.37
68 Water(11)	2517.94	−0.4	2529.04	2519.75	2554.92	2103.96	5.91	2.31	9.14	0.00	1456.30
69 NON-FINANCIALS(681)	2148.43	+0.6	2135.89	2137.72	2139.33	1957.11	3.80	1.91	18.19	3.47	1977.43
70 FINANCIALS(106)	3946.86	−0.1	3949.56	3946.19	3852.95	2964.67	3.97	2.39	15.50	1.06	1742.67
71 Banks, Retail(9)	5793.77	.....	5792.16	5752.06	5785.43	4272.19	3.15	2.74	14.49	0.00	1936.01
73 Insurance(18)	1764.18	−0.7	1777.24	1804.94	1790.37	1406.43	4.74	2.33	11.32	1.72	1368.48
74 Life Assurance(7)	4550.20	.....	4652.51	4871.91	4614.21	3546.08	3.34	1.78	20.98	0.00	1977.10
77 Other Financial(29)	3170.69	−0.5	3185.17	3181.11	3190.84	2564.40	3.19	2.04	19.17	1.32	1854.25
79 Property(44)	1866.19	+0.4	1858.30	1864.21	1867.03	1458.81	3.42	1.33	27.53	2.57	1181.18
80 INVESTMENT TRUSTS(127)	3331.42	+0.6	3310.92	3303.20	3307.87	3163.67	2.15	1.12	51.79	3.97	1181.49
89 FTSE All-Share(914)	2107.21	+0.5	2097.69	2098.52	2100.56	1856.23	3.51	1.98	17.85	2.79	1630.89
FTSE Fledgling	1323.18	+0.4	1317.45	1311.38	1308.98	1147.91	2.93	0.52	80.00†	2.47	1410.50
FTSE Fledgling ex IT	1344.88	+0.4	1339.77	1332.79	1329.88	1143.50	3.20	0.46	80.00†	2.52	1435.91

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4315.2	4325.1	4318.2	4319.3	4322.3	4320.7	4320.6	4322.6	4328.0	4329.9	4315.2
FTSE 250	4584.5	4585.5	4586.3	4585.8	4584.7	4584.7	4585.4	4585.9	4587.3	4587.4	4583.7
FTSE 350	2129.9	2133.8	2131.2	2131.6	2132.7	2132.1	2132.1	2132.9	2135.1	2135.7	2129.9

Time of FTSE 100 Day's high: 10:29 AM Day's low: 8:30 AM. FTSE 100 1996/97 High: 4327.1 (13/02/97) Low: 3632.3 (24/12/96).

■ FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1300.7	1300.7	1298.3	1300.8	1301.0	1301.0	1300.8	1301.5	1301.1	1301.1	1298.3	+2.8
Pharmaceuticls	8154.1	8168.3	8150.6	8124.7	8129.3	8144.1	8144.0	6147.6	6173.6	6178.0	6075.6	+102.4
Water	2535.4	2535.1	2520.7	2506.0	2511.3	2511.7	2511.7	2514.0	2512.8	2510.9	2522.2	−11.3
Banks, Retail	5857.8	5878.9	5864.7	5854.1	5860.5	5854.7	5853.6	5849.6	5859.3	5857.6	5855.9	+1.7

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	65	528½	+½
ASDA Group†	8,900	114¾	
Abbey National†	2,300	793½	+½
Airtours	1,200	986½	+19
Albert Fisher	1,100	43	+¼
Allied Domecq†	3,200	425½	+3½
Anglian Water	705	628½	−1
Argos†	648	669	+16½
Arjo Wiggins	1,900	158	−1
Assoc. Brit. Foods†	118	409	+2½
Assoc. Brit. Ports	870	314½	+3
BAA†	4,000	545	+4
BAT Inds.†	4,300	523	−2
BBA	2,500	329½	+1½
BICC	530	268	+½
BOC†	2,100	937½	−8
BP†	9,000	684½	−6
BPB	1,300	332½	−8½
BSkyB†	2,000	662½	+8
BT†	10,400	441	−½
BTR†	19,600	241	−1
Bank of Scotland†	3,200	353	+2½
Barclays†	3,000	1197½	+19½
Bass†	2,700	853½	−2
Blue Circle†	2,200	402½	−8
Booker	401	389	+4½
Boots†	1,700	669	+4
Britannic	400	787½	
Brit. Aerospace†	4,600	1221	+31
British Airways†	4,900	597½	+7
British Biotech	6,400	239	−9½
British Energy	1,400	147	+½
British Gas†	5,700	239½	+½
British Land	4,100	523	+10
British Steel†	11,900	140½	−¼
Bunzl	421	205	
Burmah Castrol†	1,700	1022½	−2½
Burton†	3,700	149½	+1¼
Cable & Wire†	7,400	518½	+10
Cadbury Schweppes†	4,200	485½	+7
Caradon	1,200	266	
Carlton Comms.†	2,700	562½	+18
Chubb	7,300	420	+79
Coats Viyella	571	132	+1
Comm. Union†	913	715½	−10
Compass	3,100	736	+16
Cookson	1,400	241½	+½
Courtaulds	446	385	−½
Dalgety	289	349½	+7½
De La Rue	1,300	598½	+2
Dixons†	1,600	499½	+8½
EMAP	89	812½	+2½
EMI†	1,100	1176	+13½
Electrocomps	701	411½	−4½
Eng China Clays	311	190	−1
Enterprise Oil†	1,100	638½	
FKI	8,500	183	+3
Foreign & Col. I.T.	1,200	157	+1½
Gen. Accident†	1,500	858½	−4
General Elect.†	5,700	383	−½
Glaxo Wellcome†	4,800	1024½	+14½
Glynwed	1,100	303½	+½
Granada†	3,500	904½	+13½
Grand Met.†	3,500	448	+6
GUS†	2,800	623	+3½
Greenalls	2,300	550½	+1½
GRE†	3,100	289½	+1½
GKN†	2,400	943	−23½
Guinness†	4,600	499	−½
HSBC (75p shs)†	4,700	1524½	−18½
Hammerson	314	425½	+1½
Hanson†	35,800	90¾	+3
Harrisons Crosfield	3,000	128½	−½
Hays†	2,800	576	+10½
Hillsdown	198	182	−½
Hyder	125	885	+2½
IMI	982	371	−7
ICI†	1,800	751½	−7
Imperial Tobacco†	8,200	421½	+12½
Inchcape	16,800	270½	+9½
Johnson Matthey	307	559	−1½
Kingfisher†	2,500	671½	+8
Kwik Save	271	286	
Ladbroke†	1,800	237½	+8
Land Securities†	1,400	784	−2
Laporte	139	661	−11½
Legal & General†	2,400	412	−½
Lloyds TSB†	8,900	502	+9½
LASMO†	4,200	234½	−4½
Lonrho	2,500	128	+½
LucasVarity†	8,900	198½	+4½
MEPC	987	468½	+2
MFI	851	166½	−1½
Marks & Spencer†	4,000	465	+4
Mercury Asset Man†	1,100	1327	−41½
Morrison (Wm.)	102	145	+½
NFC	601	158	
NatWest Bank†	4,800	829	
National Grid†	1,600	206	+2
National Power†	2,700	508½	−4½
Next†	1,800	583½	+14½
Northern Foods	319	214½	+½
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates a FTSE 100 index constituent. [illegible] Source: Extel, part of FT Information.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

INDICES

Chile IGPA Gen(31/12/80)	(u) 5318.21	5281.63	5804.33 8/1/96	4988.17 18/12/96	
Denmark CopenhagenSE(3/1/83)	535.65	532.11	528.07	535.65 13/2/97	368.40 2/1/96
Finland HEX General(28/12/90)	2855.97	2835.30	2837.45	2855.97 13/2/97	1851.67 10/1/96
France SBF 250(31/12/90)	1761.06	1746.49	1733.04††	1761.06 13/2/97	1250.16 2/1/96
CAC 40(31/12/87)	2628.41	2599.33	2582.09	2628.41 13/2/97	1997.85 11/1/96
Germany FAZ Aktien(31/12/58)	1113.97	1108.68	1099.80	1113.97 13/2/97	818.56 2/1/96
Commerzbank(1/12/53)	3295.40	3223.00	3197.30	3295.40 13/2/97	2370.10 2/1/96
DAX‡(30/12/87)	3229.48	3218.14	3187.58	3229.48 13/2/97	2284.86 2/1/96
Greece Athens SE(31/12/80)	1230.20	1252.37	1244.59	1252.37 12/2/97	872.98 7/8/95
Hong Kong Hang Seng(31/7/64)	13239.95	13462.61	13454.21	13868.20 20/1/97	10204.99 2/1/96
India BSE Sens.(1979)	3482.85	3483.48	3502.27	4069.26 18/6/96	2745.06 4/12/96
Indonesia Jakarta Comp.(10/8/82)	707.38	701.05	(c)	707.36 13/2/97	512.48 2/1/96
Ireland ISEQ Overall(4/1/88)	3002.23	2982.59	2981.79	3002.23 13/2/97	2234.61 2/1/96
Italy Banca Comm Ital(1972)	781.90	707.77	789.42	797.71 10/2/97	572.21 27/3/96
MIB General(2/1/97)	1174.0	1182.0	1185.0	1197.00 10/2/97	991.00 2/1/97
Japan Nikkei 225(16/5/49)	18688.06	18409.96	(c)	22666.80 26/6/96	17303.70 10/1/97
Nikkei 300(1/10/82)	265.51	262.24	(c)	318.78 26/6/96	251.04 27/1/97
Portugal BVL 30(4/1/93)	2580.88	2576.66	(c)	2590.07 7/2/97	1892.81 2/1/96
Singapore SES All-S'pore(2/4/75)	570.02	561.49	554.04	610.37 5/2/96	503.78 21/10/96
South Africa JSE Gold(28/9/78)	1389.0♥	1350.0	1358.3	2098.40 29/5/96	1339.80 3/2/97
JSE Ind.(28/9/78)	8324.1♥	8282.8	8293.1	8739.30 25/1/96	7558.90 17/12/96
South Korea KoreaCompEx**(4/1/80)	716.71	712.50	713.43	986.84 7/5/96	611.00 7/1/97
Spain Madrid SE(30/12/85)	477.55	475.01	473.24	478.88 21/1/97	323.76 11/1/96
Sweden AffarsvarldenGen(1/2/37)	2661.2	2649.7	2644.5	2661.20 13/2/97	1796.80 22/1/96
Switzerland Swiss Bk Ind(31/12/58)	2140.29	2143.34	2132.84	2143.34 12/2/97	1518.19 17/1/96
SBC General(1/4/87)	1486.06	1488.02	1477.78	1488.02 12/2/97	1114.47 28/1/96
Taiwan WeightedPr.**(30/6/66)	7536.28	7424.10	7410.47	7536.28 13/2/97	4690.22 6/2/96
Thailand Bangkok SET(30/4/75)	698.06	722.57	733.99	1415.04 6/2/96	698.06 13/2/97
Turkey IMKB Nat 100(1986)	1599.00	1578.00	(c)	1700.00 27/1/97	388.00 2/1/96
WORLD MS Capital Intl(1/1/70)	842.6*	839.1	832.5	842.80 13/2/97	726.90 15/1/96
CROSS-BORDER Eurotrack 100(26/10/90)	2158.38	2143.59	2133.29	2158.38 13/2/97	1504.40 11/1/96
Euro Top-100(26/6/90)	1819.89	1806.73	1797.36	1819.89 13/2/97	1383.01 11/1/96
HSBC JC Drgn(31/12/88)	(u)	424.27	422.09	429.46 20/1/97	344.19 2/1/96
MS Emrgs Emg(7/1/92)	178.07	175.74	175.48	178.07 13/2/97	147.35 2/1/96

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x index)							
Feb	2630.0	2634.5	+29.5	2638.0	2624.0	11,190	27,365
Mar	2635.5	2641.0	+29.5	2642.0	2633.0	494	23,038
DAX							
Mar	3253.0	3272.0	+48.0	3272.5	3231.5	29,247	-
Jun	3266.5	3286.0	+46.0	3285.0	3250.0	226	-
OMX							
Feb	2085.00	2073.25	+8.25	2085.00	2073.00	1,631	18,902
Mar	2085.00	2079.50	+9.75	2090.00	2079.50	437	10,082
SOFFEX							
Feb	4474.0	4431.0	-23.0	4475.0	4425.0	6,288	24,588
Mar	4477.0	4444.0	-7.00	4477.0	4430.0	868	2,328

** Sat Feb 8 : Taiwan Weighted Price (c) ; Korea Comp Ex (c) . Base values of all indices are 100 except Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp/Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Standard & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 13 - 3256.86 +45.85 † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

S & P Ind. P/E ratio	24.83	24.09	23.98	10.86

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Telefonos	8,532,200	40⅝	+1⅝
Motorola	5,641,400	63⅞	+⅝
Time Warner	5,584,500	42¼	+1¼
IBM	4,626,500	144⅞	+⅛
PepsiCo	4,530,600	32	-⅛
WMX Tech	4,360,900	33	+1
Compaq	4,160,600	81¼	+1¼
Columbia HCA	3,685,000	42⅝	+1½
Coca Cola	3,663,200	60⅛	+⅞
Merck	3,557,000	95¼	+2⅞

TRADING ACTIVITY

● Volume (million)	Feb 12	Feb 11	Feb 10
New York SE	563.552	490.590	467.564
Amex	23.914	25.832	21.418
NASDAQ	687.544	688.893	642.948
NYSE			
Issues Traded	3,339	3,324	3,329
Rises	1,764	1,308	1,165
Falls	760	1,194	1,324
Unchanged	815	824	840
New Highs	242	142	162
New Lows	25	40	34

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Mar	807.00	808.20	+1.00	808.85	806.75	80,305	182,140
Jun	-	814.70	-	-	801.50	1,118	11,206
Nikkei 225							
Mar	18810.0	18730.0	+340.0	18860.0	18710.0	25,899	221,870
Jun	18820.0	18710.0	+310.0	18830.0	18700.0	3,539	47,104

Open interest figures for previous day.

NORTH AMERICA

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TOKYO - MOST ACTIVE STOCKS: Thursday, February 13, 1997

	Stocks Traded	Closing Prices	Change on day
Nippon Credit Bk	14.7m	235	+31
Hitachi	14.5m	1120	+30
Fujitsu	10.1m	1240	+10
NKK	8.4m	251	+11
Ricoh	8.2m	1510	+80
NEC	8.2m	1450	+20
Nippon Steel	8.1m	309	+8
Mitsui Min & Sml	7.3m	462	+17
Minebea	5.7m	1050	+20
Sumitomo Elec	5.5m	1680	+10

4 pm close February 13

NEW YORK STOCK EXCHANGE PRICES

1996/97 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32	$24\frac{7}{8}$	AAR x	0.40	1.6	22	409	$25\frac{3}{4}$	$25\frac{1}{2}$	$25\frac{5}{8}$	$+\frac{1}{8}$
$46\frac{1}{8}$	33	AMP x	1.04	2.5	31	5986	$41\frac{1}{8}$	$39\frac{5}{8}$	41	$+1\frac{5}{8}$
$97\frac{1}{2}$	68	AMR			0	8249	84	$81\frac{5}{8}$	$83\frac{1}{8}$	$+\frac{1}{4}$
$50\frac{1}{2}$	$33\frac{1}{4}$	ASA	1.20	3.4	25	1886	36	$35\frac{1}{8}$	$35\frac{3}{4}$	$+\frac{1}{2}$
$57\frac{3}{8}$	$38\frac{1}{8}$	AbbtL x	0.96	1.6	24	15088	u$58\frac{5}{8}$	$57\frac{1}{4}$	$58\frac{1}{2}$	$+1\frac{1}{2}$
$17\frac{3}{8}$	$12\frac{1}{4}$	Abitibi Pr	0.40	2.4	6	744	$16\frac{1}{2}$	$16\frac{1}{4}$	$16\frac{1}{2}$	$+\frac{3}{8}$
$20\frac{1}{4}$	$13\frac{1}{2}$	ABM Ind	0.40	2.1	16	89	19	$18\frac{7}{8}$	19	$+\frac{1}{4}$
$22\frac{1}{2}$	$13\frac{7}{8}$	Acptecels			10	124	$20\frac{5}{8}$	$20\frac{1}{4}$	$20\frac{5}{8}$	$+\frac{3}{8}$
$61\frac{1}{4}$	$37\frac{3}{4}$	ACE Ltd	0.72	1.2	10	1398	$59\frac{7}{8}$	$58\frac{1}{2}$	$59\frac{7}{8}$	$+\frac{3}{8}$
$10\frac{1}{2}$	$8\frac{3}{8}$	ACM Gvt In x	0.80	0.7	11	231	$10\frac{3}{8}$	$10\frac{1}{4}$	$10\frac{3}{8}$	$+\frac{1}{2}$
$7\frac{7}{8}$	$6\frac{5}{8}$	ACM GvOpp x	0.63	8.3		270	$7\frac{5}{8}$	$7\frac{1}{2}$	$7\frac{5}{8}$	$+\frac{1}{8}$
$9\frac{7}{8}$	$8\frac{3}{8}$	ACM Man x	0.90	9.5		206	$9\frac{5}{8}$	$9\frac{1}{2}$	$9\frac{1}{2}$	
$13\frac{7}{8}$	$8\frac{1}{8}$	Acme Elect				63	$7\frac{1}{4}$	$7\frac{1}{2}$	$7\frac{1}{4}$	$-\frac{1}{8}$
$21\frac{5}{8}$	$13\frac{7}{8}$	Acme Mills			72	30	$16\frac{3}{4}$	$16\frac{5}{8}$	$16\frac{5}{8}$	
$33\frac{1}{4}$	$27\frac{1}{4}$	Acordia	0.80	2.7	14	142	$29\frac{1}{2}$	$29\frac{3}{8}$	$29\frac{1}{2}$	
$29\frac{3}{8}$	12	Acuson				810	$28\frac{3}{8}$	$28\frac{1}{4}$	$28\frac{3}{8}$	
$21\frac{1}{8}$	$17\frac{7}{8}$	Adams Expr	0.55	2.6	1	233	$20\frac{7}{8}$	$20\frac{5}{8}$	$20\frac{3}{8}$	$-\frac{1}{4}$
$36\frac{1}{8}$	$10\frac{1}{4}$	AdvMic				14069	35	$34\frac{1}{8}$	$34\frac{1}{8}$	$-\frac{1}{8}$
$13\frac{7}{8}$	$8\frac{1}{2}$	Advest Grp			10	229	d$14\frac{1}{8}$	$13\frac{3}{4}$	14	$+\frac{5}{8}$
$26\frac{1}{8}$	$8\frac{3}{8}$	Advo Inc			30	39	$13\frac{1}{4}$	$13\frac{1}{8}$	$13\frac{1}{8}$	
$65\frac{1}{8}$	$41\frac{1}{8}$	Aegon	1.18	1.9	18	83	$63\frac{1}{4}$	$62\frac{1}{2}$	$63\frac{1}{8}$	$+\frac{3}{8}$
$6\frac{3}{4}$	$3\frac{1}{2}$	Aeriix				84	$4\frac{1}{2}$	$4\frac{3}{8}$	$4\frac{3}{8}$	$-\frac{1}{8}$
$50\frac{1}{8}$	$40\frac{3}{2}$	AES Corp				z0	40	40	$60\frac{1}{8}$	$+\frac{5}{8}$
$62\frac{1}{2}$	$57\frac{5}{8}$	Aetna x	0.63	0.9	63	11707	u$66\frac{3}{4}$	$62\frac{1}{2}$	63	$+3\frac{3}{4}$
44	$28\frac{1}{4}$	Aflac	0.40	1.0	15	2799	42	$48\frac{1}{4}$	$41\frac{7}{8}$	$+1\frac{3}{8}$
22	$17\frac{1}{8}$	AGL Res x	1.08	5.4	14	322	$20\frac{3}{4}$	20	20	
[illegible]										

Continued on next page

NYSE PRICES

4 pm close February 13

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close February 13

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. yld-yield. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

§ Dealings suspended.

AMEX PRICES

4 pm close February 13

EASDAQ

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
Actwcard	US$8.125		2000	8.5	8	Innogenetics	US$11.25	+0.125	26650	12.875	10.125
Artwork Systems	US$11		20050	11.25	9.375	Mercer Interntnl.	US$10.5	-0.25	8	11.375	10.875
Dr Solomon's ADS	US$24.125	+1.125	1000	26.125	16.625	Pxtech	US$5.5	+0.125	10000	5.75	4.75

Prices for 13/2/97.

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
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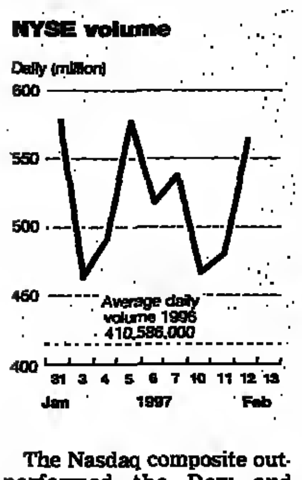
Strong Dow flirts with 7,000 level

AMERICAS

Blue-chip shares in the Dow Jones Industrial Average spent the early afternoon flirting with the 7,000 point level, amid continued strength in the technology sector, *writes Lisa Bransten in New York.*

The Dow first moved above 7,000 at about 12:45 pm hut then ticked hack. By 1 pm the index was 31.56 stronger at 6,993.19. The Standard & Poor's 500, which crossed the 800 point level on Wednesday, also advanced, rising 6.08 at 808.85. NYSE volume was 332m shares.



The Nasdaq composite outperformed the Dow and climbed 9.89 to 1,368.85 as it continued to recover losses posted in recent sessions. The Pacific Stock Exchange technology index, which contains NYSE and Nasdaq issues, added 1.5 per cent.

Gains in the technology sector were concentrated among semiconductor and computer companies. IBM climbed $2 to $146⅞. Dell Computer advanced 3\frac{7}{16}$ or 5 per cent at $70⅛, Gateway 2000 climbed $2 to $63, and Compaq Computer added $2⅛ at $84¾. In semiconductors Novellus Systems was up $6¼ or 8 per cent at $89¾.

Shares in consumer companies were especially strong and the Morgan Stanley index of consumer companies added 0.6 per cent.

USLife jumped $5⅝ or 13 per cent to $47⅛ on news tbat it bad agreed to be acquired by American General for about $49 per share. Shares in American General advanced $⅝ at $41⅞ on the news.

United HealthCare, one of the largest health maintenance organisations in the US, reported better-than-expected profit margins, sending its shares up $2⅛ per 4 per cent to $50⅝. Aetna advanced $3⅝ to $85⅝ and Oxford Health Plans was $3⅛ stronger at $59⅛.

TORONTO pressed further into record territory at midsession, taking the TSE-300 composite index above 6,200 points as all sectors except real estates climbed. The index was 44.02 higher at 6,209.40 in heavy volume of 68.4m shares.

Bre-X Minerals spurted C$1.80 to C$24.50 on speculation about whether it had reached agreemsnt with Indonesian partners over the huge Busang gold deposit. The Indonesian government had asked Bre-X and Barrick Gold, 55 cents higher at C$36.80, to reach agreements with their local partners by the middle of this month.

Wascana Energy was C$1.80 higher at C$18.75 on expectations that another offer would emerge to rival the C$18.50 a share bid from Talisman Energy. Talisman added C$1.80 to C$46.20.

Newport Petroleum eased 40 cents to C$9.40 and Cimarron jumped C$3.85 to C$24.15 on their agreed merger under a share swap deal.

Sao Paulo 2.6% higher

SAO PAULO added to Wednesday's 4.3 per cent rise with another of 2.6 per cent as the market continued to catch up with its neighbours, having been closed on Monday and Tuesday. The Bovespa index was 2,271 higher by midsession at 88,977 as investors positioned themselves for Monday's options settlement.

MEXICO CITY turned back at mid-morning from an early intra-day record high as investors stepped in to take profits. Tbe IPC index was 17.85 weaker by midsession at 3,784.78.

BUENOS AIRES was bolstered by stronger-than-expected profits from the market bellwether, YPF, and by midsession, the Merval index stood 1.59 higher at 720.01.

The oil giant edged 0.8 per cent higher at 28 pesos after reporting fourth-quarter profits of $218m compared with $126m in the same period of 1996.

South Africa spurts ahead

Johannesburg moved swiftly higher in hectic trade which saw record trading volume as industrials took their lead from Wall Street's overnight performance, and golds leapt on a $6 recovery in the bullion price.

Sentiment was boosted by the steady rand and a buoyant bonds market. Comments hy the finance minister, Mr Trevor Manuel, as he presented tbe Appropriations Adjustment Bill in parliament, were also seen as positive for the market.

The overall index added 69.3 to 7,035.7, industrials jumped 61.3 to 8,324.1 and golds made 38.9 to 1,389.0.

Volume soared to a record R1.5bn, boosted by a corporate finance deal in Norwich Holdings, valned at R659m.

Huge trade of 75.8m shares in Norwich added fuel to speculation that the South African financial services group, The Board of Executors, was eyeing a stake in the life insurance company. Norwich jumped 64 cents to a record 940 cents while BOE added 100 cents to R94.

Among blne chips, De Beers shed 200 cents to R148.75 and Anglo made 700 cents to R277.

Telecoms in limelight as 10 bourses peak

EUROPE

The dollar and the Dow helped bourses to record 10 more all-time highs, as telecoms service and equipment providers vied for attention. Speculation continued to surround the former, while the equipment groups were finding it hard to match up to analysts' expectations.

FRANKFURT added strong bunds to the other good news. Financial market proxies, like Allianz, Deutsche Bank and MunichRe registered, gained 2.6 per cent, 2.4 and 3.9 per cent as the Dax index rose 45.85 or 1.4 per cent to an Ibis-indicated peak of 3,256.86.

Turnover levalled out at DM14.6bn. The market stayed happy abont export prospects, and MAN, up DM12.40 at DM445.40, and Tbyssen, up DM9.05 at DM330.50, joined BMW in this category.

Among telecoms service candidates, the big utilities, RWE and Veba, climhed DM2.98 or 4 per cent to DM76.70 and by DM2.39 or 2.6 per cent to DM95.26 on speculation surrounding a recent meeting between the chairmen of Veba and BT of the UK, which Veba played down. BT is currently in partnership with Viag, which was virtually flat at DM715.50, up DM1.20.

Meanwhile the big alectronics engineer, Siemens, reported a 5 per cent fall in first-quarter profits, aimed to catch up over the rest of the year, and saw a return to growth in 1997-98. This pleased analysts for a while, but after peaking at DM88.25 the shares subsided to close 40 pfg lower at DM86.53.

FTSE Actuaries Share Indices

Feb 13						THE EUROPEAN SERIES		
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2154.67	2159.25	2159.47	2168.25	2158.11	2158.59	2157.78	2158.38
FTSE Eurotrack 200	2184.10	2188.38	2186.88	2185.17	2185.90	2187.46	2184.10	2183.78

	Feb 12	Feb 11	Feb 10	Feb 7	Feb 6
FTSE Eurotrack 100	2143.59	2133.29	2123.68	2109.55	2088.60
FTSE Eurotrack 200	2174.50	2164.68	2156.79	2148.50	2121.63

Base value 1000 (26/10/90). High/day: 100 - 2160.36; 200 - 2190.04 Low/day: 100 - 2155.23 200 - 2182.33. † Partial.

PARIS featured a rise of FFr26 or 3.4 per cent to FFr802 in Générale des Eaux after the company was aelected as the industrial partner to run the telecommunications network of the French state railway, SNCF. The construction group, Bouygues, rumoured last week to have been the winner, fell FFr30 or 5.2 per cent to FFr553.

The broad market hit a fresh record high, the CAC 40 indax closing 29.08 higher at 2,631.89 in turnover up from FFr9bn to FFr10.4bn. In another competitive situation the French prime minister, Mr Alain Juppé, said again that he would decide on the Thomson-CSF sale by the end of this month; one of the contenders, Alcatel, fell FFr12 to FFr573 after ITT of the US, which owns a 5 per cent Alcatel stake, sought permission to sell shares before the July expiry of a shareholders' pact.

Elsewhere, a Paribas huy note left Accor FFr19 or 2.6 per cent higher at FFr749.

AMSTERDAM fielded results from Royal Dutch and Philips, the oil major climbing Fl 11.70 to Fl 347.50 on strong results and a four-for-one share split, and the latter recovering from an early dip to close Fl 2.90 higher at Fl 81 after a fourth-quarter loss. Traders said that buyers had returned to the stock after an analysts' meeting.

The AEX index peaked again, 6.92 higher at 712.50. Good sentiment overnight in US tech stocks helped Baan, the computer softwara group, to a gain of Fl 5.20 at Fl 93.70 while ASM International rose Fl 1.50 to Fl 31.50.

ZURICH paused to catch its breath after its 10 session record setting spurt. Profit-taking pulled the SMI index from an early intraday peak of 4,467.4 to close 7.8 weaker at 4,436.3.

Winterthur refused to be deflected from its upward path, adding SFr7 to SFr872 following recent, upbeat brokers' recommendations.

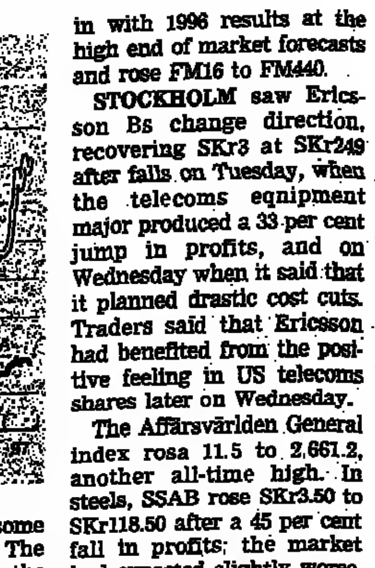
Adecco, still supported by good figures from Manpower of the US, picked up another SFr5.50 to SFr441.

Alusuisse slid SFr20 to SFr1,157 on selling by investors still disappointed that the company had not announced a spin-off at Tuesday's press conference.

MILAN finished a hesitant day largely higher as the market tried to set aside doubts about the government's commitment to tough financial discipline. The real-time Mibtel index picked up from a low of 12,407 to close 97 higher at the day's best of 12,587 while the Comit index registered a 5.87 decline to 781.90.

The recovery was led by blue chips. Eni added L91 to L9,038 while Stet, the telecoms bolding company, picked up L183 to L8,334.

Parmalat, the food group, added to Wednesday's 7.3 per cent fall with a slide of L42 to L2,453, in spite of its denial of rumours over capital operations and 1996 results.



HELSINKI registered some odd moves in Nokia A. The shares rose to FM332 in the morning ahead of a 21 per cent drop in profits for 1996, fluttered around, then fell to an official close of FM319, down FM4.

That was by no means the whole story. A Helsinki price of DM331 was registered after hours but then there was a rumour, subsequently denied at source, that Goldman Sachs had downgraded the stock. In New York, perhaps partly for this reason, Nokia ADRs showed a fall of $3⅝ to $63½ in the late American morning.

The Hex index went on its merry way, peaking 20.67 higher at 2,855.87. Nokia's 1996 replacement as market phenomanon, Raisio, came in with 1996 results at the high end of market forecasts and rose FM16 to FM440.

STOCKHOLM saw Ericsson Bs change direction, recovering SKr3 at SKr249 after falls on Tuesday, when the telecoms eqnipment major produced a 33 per cent jump in profits, and on Wednesday when it said that it planned drastic cost cuts. Traders said that Ericsson had benefited from the positive feeling in US telecoms shares later on Wednesday.

The Affärsvärlden General index rosa 11.5 to 2,661.2, another all-time high. In steels, SSAB rose SKr3.50 to SKr118.50 after a 45 per cent fall in profits; the market had expected slightly worse. And Avesta Sheffield, the Anglo-Swedish steel group, rose SFr1.50 to SFr76 after a pre-tax loss of SKr136m for the first nine months of 1996-97.

Strong sector moves pushed COPENHAGEN and OSLO to their new highs, the Danes seeing strength in the shipping sector, with D/S Svendborg DKr10,000 higher at DKr276,500, and D/S 1912 up DKr7,000 at DKr193,000 as the KFX index rosa 1.62 to 154.48. Norwegian banks rose almost 4 per cent as Oslo's total index closed 9.10 higher at 1,084.59.

Written and edited by William Cochrane and Michael Morgan

Region celebrates, bemoans rising US dollar

ASIA PACIFIC

The region was in two minds about the US dollar. BANGKOK unloaded key stocks, worried by the weak baht and by comments from the Thai central bank governor that some finance houses faced short-term liquidity problems, and the SET index dropped 3.4 per cent.

The key index has halved in 12 months. Apart from the sustained weakness of the baht, the Bank of Thailand governor, Rerngchai Marakanond, said that his bank had ordered at least one small finance house facing sbort-term liquidity problems to restructure its capital.

Meanwhile, at the top end of the banking market, brokers said Thai Farmers Bank's decision to increase its provision for doubtful loans this year had scared investors. The shares dropped Bt9 to Bt100.

TAIPEI, in contrast, saw the computer giant, Acer, soar in late trade to close T$3.50 or 6.5 per cent higher at T$57.50 as recent depreciation of the Taiwan dollar hoosted market confidence about the company's sales to the US. The broad market hit a six-year high, the welghted index closing 112.18 or 1.5 per cent higher at 7,536.28.

TOKYO took its rally into a third successive day on the strength of the dollar, and on support for Japan's troubled financial institutions from a senior politician, *writes Jonathan Annells.*

The Nikkei 225 average closed 278.10 higber at 18,688.06 after an opening low of 18,505.09, and a high of 18,854.76. Foreign investors chased market-leading exporters, and late profit taking seemed natural after three days of gains which had boosted the Nikkei by 4.5 per cent. Dealers were also active, ahead of tomorrow's special quotation settlement of futures and options contracts.

The chairman of the ruling Liberal Democratic Party's Policy Research Council, Mr Taku Yamasaki, added some buoyancy to the banking sector with his hint on Wednesday night that public money might be used to protect holders of debentures issued by Japan's long-term credit banks in the event of a financial crisis.

This followed the savaging of bank shares last week, and Monday's statement from the Japanese finance minister, Mr Hiroshi Mitsuzuka, that the government would support the nation's leading 20 commercial banks.

Volume swelled from 457.8m shares to an estimated 548m. Advances led declines by 681 to 422 with 146 unchanged. The Topix index of all first section stocks rose 14.36 to 1,382.79, and the capital-weighted Nikkei 300 by 3.27 to 265.51.

In London, the ISE/Nikkei 50 index jumped 10.53 to 1,449.44.

Precision instrument makers set the pace yesterday, ahead of consumer electronic blue chips and carmakers, encouraged by Canon's announcement of record profits on Wednesday. The sector jumped by 3.6 per cent, Canon rising Y120 to Y2,750, Nikon Y70 to Y1,750 and Ricoh Y80 to Y1,510. Toyota advanced Y50 to Y3,410 after hitting an all-time high of Y3,510, and TDK surged Y490 to Y8,500.

However, banks had the volume leader in the recently-embattled Nippon Credit Bank, which rose Y31 to Y235 on a demand squeeze caused by short covering. Bank of Tokyo-Mitsubishi ended Y50 higher at Y1,910 and Fuji Bank firmed Y20 to Y1,260.

Sankyo, the pharmaceutical company, retreated on profit-taking after two days of strong gains. It ended Y80 lower at Y3,630.

In Osaka, the OSE average rose 262.42 to 19,414.27 in volume of 199.4m shares.

HONG KONG took a 1.7 per cent tumble as investors looked for buying opportunities in Singapore and Malaysia. The Hang Seng index slid 222.66 to 13,239.95 in turnover that picked up to HK$8.7bn from Wednesday's HK$6.8bn.

Among the major blue chips, HSBC Holdings dropped HK$1.50 to HK$186 and Hang Seng Bank fell HK$1.25 to HK$89.50. Cheung Kong lost HK$2.75 to HK$72.00 and Henderson Land lost HK$2 at HK$69.00.

SINGAPORE saw broadly-based institutional and retail demand which combined to push turnover up to levels last seen three years ago. The Straits Times Industrial index climbed 30.04 to 2,254.68 in hectic volume of 771.8m shares. Dealers said the high turnover was fanned by spaculative demand, aided by improved business forecasts for various industrial sectors.

Among tha leading gainers, Oriental Holding ended up S$1 at S$14.20 and City Development warrants rose 40 cents to S$12.50.

KUALA LUMPUR found support in Wall Street's overnight advance although late profit-taking brought prices back from their best levels. The composite index finished 4.68 higher at 1,259.10 after a peak of 1,266.77.

SEOUL featured a sharp rise in semiconductor makers on expectations of a business recovery after Dataquest, the US research group, reported that the worldwida dynamic random access memory market was showing signs of a rebound from last year's oversupply.

Samsung Electronics, the world's leading memory chip maker, rose Won2,700 to Won59,000, having briefly hit its daily upper-limit of Won60,800. LG Semicon was up Won1,500 to its daily upper limit of Won21,100 and Hyundai Electronics also went limit-up, climbing Won2,000 to Won28,000.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 12 1997								TUESDAY FEBRUARY 11 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	215.81	0.5	195.88	168.95	188.85	189.80	1.1	4.02	214.82	193.93	167.12	186.74	187.69	224.61	188.44	196.07
Austria (24)	182.84	0.0	165.95	143.13	159.89	159.91	0.6	1.82	182.89	165.10	142.28	158.99	158.90	195.04	174.70	185.05
Belgium (26)	228.83	−0.2	207.69	179.14	200.24	196.01	0.5	3.29	229.30	207.00	176.38	199.33	195.09	233.47	203.64	210.86
Brazil (28)	233.15	4.0	211.62	182.52	204.02	449.38	4.0	1.35	224.14	202.34	174.36	194.84	432.04	233.15	147.48	167.53
Canada (114)	200.62	0.5	182.09	157.05	175.55	196.94	0.6	1.87	199.62	180.21	155.29	173.53	195.73	201.62	153.61	158.31
Denmark (32)	364.99	0.6	331.29	285.76	319.39	318.22	1.2	1.38	362.65	327.38	282.12	315.26	314.30	369.13	261.30	303.05
Finland (28)	261.56	−0.3	237.40	204.76	228.88	271.56	0.0	1.83	262.34	236.83	204.09	228.05	271.56	262.79	174.47	183.03
France (92)	219.25	0.0	199.00	171.64	181.86	185.59	0.8	2.50	216.25	187.93	170.56	190.58	194.06	222.08	183.63	184.25
Germany (59)	180.95	0.3	176.04	151.83	169.72	169.72	1.0	1.46	193.35	174.54	150.41	168.08	168.08	194.81	164.47	170.26
Hong Kong (59)	494.87	0.0	449.16	387.40	433.05	492.14	0.0	3.16	494.91	446.76	385.01	430.23	492.11	514.48	402.53	437.74
Indonesia (27)	250.05	1.1	226.95	195.75	218.81	364.62	1.2	1.48	247.21	223.16	182.31	214.90	380.42	–	–	–
Ireland (16)	335.80	−1.2	304.78	262.88	293.85	298.32	−0.4	3.15	339.82	306.77	264.36	295.40	299.50	339.84	254.35	254.47
Italy (58)	82.55	−1.3	84.00	72.45	80.98	114.05	−0.7	1.94	93.80	64.67	72.97	81.54	114.67	95.32	70.61	77.76
Japan (480)	112.48	0.6	102.10	88.06	98.44	88.06	1.2	0.89	111.82	100.94	86.99	67.20	86.99	164.68	109.16	153.31
Malaysia (107)	644.38	1.5	584.36	504.45	563.88	617.08	1.4	1.01	634.76	573.02	493.80	551.80	608.31	644.38	511.95	511.96
Mexico (27)	1389.46	1.6	1261.13	1087.73	1215.88	11841.81	1.6	0.80	1368.06	1235.01	1064.27	1189.26	11652.01	1389.46	1046.55	1140.63
Netherland (19)	336.14	0.6	305.09	263.14	294.14	289.85	1.3	2.55	334.16	301.68	259.97	290.50	286.24	336.15	274.35	277.80
New Zealand (14)	88.21	0.7	80.06	69.05	77.18	68.24	1.0	4.09	87.55	79.04	68.11	76.11	67.59	95.80	75.94	79.07
Norway (41)	310.38	0.6	281.71	242.87	271.60	278.60	0.6	1.84	307.94	278.00	239.56	267.70	276.88	318.57	231.87	231.87
Philippines (22)	207.50	−1.0	188.34	162.44	181.58	272.43	−1.0	0.63	209.51	189.13	162.99	182.13	275.07	–	–	–
Singapore (43)	440.43	1.7	399.75	344.79	385.41	287.56	1.9	0.98	432.94	390.84	336.80	376.36	282.31	460.80	371.26	444.50
South Africa (44)	357.02	−0.1	324.04	279.49	312.42	343.86	−0.3	2.37	357.26	322.51	277.93	310.57	344.56	422.74	301.49	422.14
Spain (35)	213.77	−0.7	194.02	167.34	167.06	230.96	0.2	2.71	215.26	194.33	167.46	167.13	230.55	228.15	161.86	165.62
Sweden (50)	426.80	−0.2	387.38	334.12	373.48	469.86	0.2	1.90	427.54	385.96	332.60	371.66	468.84	432.49	312.42	315.78
Switzerland (35)	250.51	−0.1	227.37	196.11	219.22	224.51	0.7	1.29	250.77	226.38	195.08	217.99	222.89	254.34	223.84	224.15
Thailand (45)	76.65	−3.5	71.38	61.57	68.82	79.30	−3.3	4.31	81.51	73.58	63.41	70.86	82.02	189.40	76.65	186.43
United Kingdom (210)	281.50	−0.6	255.50	220.37	246.33	255.50	0.0	3.73	283.13	255.59	220.26	246.12	255.59	283.17	224.39	230.04
USA (654)	326.30	1.7	296.16	255.44	285.53	326.30	1.7	1.83	320.95	289.73	249.68	276.00	320.95	326.30	254.78	269.11
Americas (823)	298.76	1.6	271.17	233.88	261.44	251.26	1.6	1.82	293.96	265.37	228.68	255.54	247.21	298.78	233.09	245.54
Europe (725)	243.05	−0.2	220.60	190.27	212.69	222.53	0.4	2.63	243.63	219.93	189.53	211.79	221.86	244.53	201.66	202.48
Nordic (151)	372.64	0.0	338.23	291.72	326.09	353.79	0.4	1.81	372.50	336.27	289.78	323.82	352.52	376.43	276.30	279.38
Pacific Basin (873)	134.38	0.6	121.92	105.16	117.55	104.10	1.1	1.39	133.54	120.55	103.89	116.09	102.97	177.01	131.50	166.14
Euro-Pacific (1598)	179.63	0.1	163.04	140.62	157.16	148.83	0.7	2.09	179.42	161.97	139.57	155.97	147.80	191.51	176.40	161.18
North America (768)	318.69	1.6	289.26	249.48	278.88	317.75	1.6	1.83	313.64	283.14	244.00	272.65	312.70	318.66	248.65	262.26
Europe Ex. UK (515)	217.17	0.0	197.11	170.01	190.04	200.12	0.8	2.01	217.26	196.13	169.02	188.87	198.85	219.12	161.90	182.93
Pacific Ex. Japan (393)	315.13	0.6	286.02	246.70	275.75	275.30	0.7	2.69	313.41	282.92	243.81	272.44	273.31	320.65	268.97	285.47
World Ex. US (1611)	183.59	0.2	166.63	143.72	160.65	155.00	0.7	2.07	183.25	165.42	142.55	159.30	153.90	193.47	177.71	183.02
World Ex. UK (2255)	224.15	1.1	203.46	175.48	196.16	198.08	1.3	1.76	221.84	200.26	172.58	192.84	196.53	224.89	199.58	207.64
World Ex. Americas (1665)	288.43	0.9	261.76	225.79	252.39	277.44	1.1	2.14	285.76	257.96	222.30	248.41	274.28	286.43	233.10	240.88
The World Index (2465)	229.06	0.9	207.91	179.32	200.45	204.26	1.2	1.96	227.05	204.97	176.63	197.38	201.61	229.08	202.32	209.68

Latest prices were unavailable for this edition.